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ABSTRACT

The present report, like its predecessor, assembles the advisory memoranda sequentially produced by the Council during the period March 1, 1975 to February 29, 1976. Three sets of observations and questions are also offered. The first, which involves potentially far-reaching consequences for the future of the university system, relates to the changing demographic profile of the Ontario population during the balance of this century. The second bears upon the principles that capital assistance policy for universities might seek to reflect. The final set is presented as an initial council contribution to the debate over taxpayer (government) and user (student) contributions to the operating income of the university system, which includes both short- and long-run implications for the university system. The advisory memoranda deal with: (1) speech pathology and audiology at the University of Western Ontario; (2) the question of formula sensitivity to changes in enrollment; (3) the Ontario Graduate Scholarship program; (4) graduate program planning; (5) graduate program planning and formula revision; (6) government support for the university system in 1976-77; (7) allocation of the government's operating support for the university system; and (8) instructional development. (LBH)

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ED129147

Second Annual Report 1975-76

Ontario Council on University Affairs

801 Bay Street
Second Floor
Toronto, Ontario
M5S 1Y7

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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Table of Contents

5	**Letter of Transmittal**
6	**Members and Officers of the Ontario Council on University Affairs, 1975-76**
7	**Introduction**
18	**Council's Advisory Memoranda**
18	75-I Speech Pathology and Audiology at The University of Western Ontario
19	75-II Formula Revision: The Question of Formula Sensitivity to Changes in Enrolment
20	75-III The Ontario Graduate Scholarship Program 1976-77
20	Program Administration
21	Scholarship Eligibility
23	The Level and Number of OGS Awards
25	Other Policy Issues
26	75-IV Graduate Program Planning
26	The Genesis of the Process
27	The Planning Process and the University Community
29	The Planning Process and the Public Interest
31	The Planning Process and the Role of Council
34	75-V Graduate Program Planning and Formula Revision
36	Appendix to Advisory Memorandum V
36	Formula Criteria for determining graduate student status
38	75-VI Government Support for the University System in 1976-77
38	Operating Grants: Inflation, Accessibility and the University System
38	The Ontario University System Under Stress
40	Basic Funding Objectives for 1976-77
41	A Supplementary Funding Objective for 1976-77
42	Costing the Basic Funding Objectives Recommended for 1976-77
46	The Cost to Government of Council's Basic Funding Objectives
46	Recommended Government Expenditure Levels for 1976-77

48	Closing Observations on Operating Support for the University System
49	Capital Assistance: In Search of a Policy
49	The Need for a Policy
50	Cyclic Renewal in an Interim Setting
50	Administrative Processes
51	Appendices to Advisory memorandum 75-VI
51	Appendix "A": Government Objectives in System
56	Appendix "B": The State of the University System
59	75-VII The Allocation of the Government's Operating Support for the University System in 1976-77
59	The Operating Grants Formula
60	Graduate Funding Under Formula Suspension
61	Formula Sensitivity to Undergraduate Enrolment Change
63	The Distributive Impact of Recommendations 75-16 and 75-18
65	Supplementary, Northern and Bilingualism Grants
65	Supplementary Grants
68	Northern Ontario Grants
70	Bilingualism Grants
72	Special Institutions
72	Ontario College of Art
72	Bar Admission Course
73	The Allocation of Funds Available for 1976-77
73	GFU and BIU Values under the Government's Expenditure Target for 1976-77
75	75-VIII Instructional Development
77	**OCUA Public Meetings, 1975-76**
78	**OCUA Recommendations and Government Responses, 1975-76**

Letter of Transmittal

Ontario

Ontario
Council on
University
Affairs

416/965-5233
2nd Floor
801 Bay Street
Toronto, Ontario
M5S 1Y7

May 31, 1976

The Honourable Harry Parrott D.D.S.
Minister of Colleges and Universities
6th Floor, Mowat Block
Queen's Park
Toronto, Ontario

Dear Mr. Minister:

I respectfully submit herewith the second annual report of the Ontario Council on University Affairs. This report covers the period from March 1, 1975, through February 29th, 1976.

It is with great sadness that I record the death, a very few weeks after the end of the period covered by this Report, of my Council colleague John J. Deutsch. His wisdom inspired the proceedings of Council during the first two years of its existence. his memory is a cherished legacy that will inspire Council's future deliberations.

I have the honour to be, Sir,

Yours very truly,

J. Stefan Dupré

J. Stefan Dupré
Chairman

Members and Officers of the Ontario Council on University Affairs 1975-76

Rt. Rev. Walter E. Bagnall (1976)
Hamilton

Mary Butler Bush (1976)
Ottawa

John J. Deutsch (1978)
Kingston

Antoine D'Iorio (1977)
Ottawa

J. Stefan Dupré (1977) Chairman
Toronto

James D. Fisher (1977)
Toronto

Paul D. Fleck until September, 1975
London

Reva Gerstein (1976)
Toronto

Tamara Giesbrecht until December, 1975
Waterloo

Lin Good (1977)
Kingston

William A. Goyan (1977)
Thunder Bay

Daniel G. Hill (1976)
Toronto

T. Rosaire Léger (1978)
Cornwall

Alexander L. McCallion (1977)
Hamilton

J. Fraser Mustard (1978)
Hamilton

Margaret F. Orange (1978)
Sudbury

R. Peter Riggin (1978)
Toronto

Ronald S. Ritchie (1976)
Ottawa

H. Harold Walker (1976)
Toronto

John R. Yarnell (1977)
Toronto

J. Peter Venton
Executive Secretary and Research Director

Nancy E. Simmons
Associate Secretary

Ronald McDougall
Senior Research Officer

Richard Zulik
Research Officer

Members' terms expire on February 28th of the year indicated in parentheses

Introduction

The Second Annual Report of the Ontario Council on University Affairs covers the period that began March 1, 1975 and terminated February 29, 1976. This period followed an inaugural "year" limited to the initial five months of Council's existence, and accordingly encompasses the first full-year cycle of Council activities. A regular March-February cycle was selected at the time of Council's creation as best suited to an annual flow of advice that would be closely in step with the decision-making processes of Government.

The present Report, like its predecessor, serves the primary purpose of assembling and publishing the advisory memoranda sequentially produced by Council in the year just concluded. By incorporating its formal advice into textual memoranda, Council has chosen from the beginning to disclose the considerations it weighs in formulating its advice. As observed in the First Annual Report, "whether to expose Council's fallibility or demonstrate its sagacity, such disclosure is surely in the public interest." Council's 1975-76 memoranda may well generate as many judgements of its relative fallibility or sagacity as there are readers of this Report. As the independent advisory body to the Government of Ontario on university matters, Council accepts full responsibility for its own reasoning.

Given Council's perception of its role, its advisory memoranda necessarily represent the bulk of its annual output as an ongoing advisor to Government. From time to time, however, Council may deem it appropriate to make observations or pose questions that are detached from its immediate task of making concrete recommendations to Government. Such observations or questions can be widely disseminated if published in the introductory part of an annual report.

In the present Introduction, Council has chosen to develop three sets of observations and questions. The first, which involves potentially far-reaching consequences for the future of the university system relates to the changing demographic profile of the Ontario population during the balance of this century. The second bears upon the principles that capital assistance policy for universities might seek to reflect. The final set of observations and questions is offered as an initial Council contribution to an already ongoing debate with both short and long-run implications for the university system—the debate over taxpayer (Government) and user (student) contributions to the operating income of the university system.

A Changing Demographic Profile

Simply put, the future of the Ontario university system is not what it used to be. It is not the future that prevailed when the university system was poised on the threshold of major expansion in the late nineteen fifties. The university system at that time faced a coming population bulge of major proportion in the age group of 18 to 24 years that has constituted the traditional clientele for post-secondary education. Today the university system faces an immediate future comprised of the tail-end of this bulge, to be followed by a substantial decline in the number of 18 to 24 year-olds that will almost inevitably be sustained until the closing years of this century. The stark outline of the changing demographic profile of the future is sketched in Chart 1.

The size of the 18 to 24 age group is hardly the sole determinant of the future of the university system. Of at least equal importance are the likely participation rates of this age group (14.3 per cent in 1974-75 for Ontario universities), and the level of demand for university services that will be generated during the balance of this century by the older age groups, whose demographic profile will itself bulge as the postwar "baby boom" ages. Speculation on either of these phenomena can yield any of a number of alternative scenarios.

With respect to the 18 to 24 age group that has traditionally accounted for some four-fifths of full-time university students, it is of course possible to posit increases in participation rates that would mitigate the decline in absolute population numbers. This involves speculation about such possibilities as more open accessibility policies, enhanced social preferences for additional higher education as a path toward equality of opportunity, and greater demand for highly qualified manpower. On the other hand, it is as easy to posit decreases in participation rates if speculation shifts to such possibilities as more restrictive accessibility policies, swings

7

in social preferences away from higher education because it may not enhance equality of opportunity, lessened reliance by employers on degrees as a screening device, and a level of market demand for highly qualified manpower that reduces the private returns from education.

As for the future level of demand for university education from older age groups it is also possible to be bullish or bearish to the extent that speculation focuses on the greater or lesser attractiveness of higher learning as a leisure time pursuit, the degree to which career paths in different occupations will place a greater or lesser premium on refresher or continuing education, the attitudes of employers toward in-house as opposed to university-provided training and upgrading programmes, and so on.

Changing participation rates within the 18 to 24 year age group or among older age groups will inevitably have an influence on the future of the university system that is at least as fundamental as a crude demographic profile of the number of individuals in the traditional clientele group. Planning for the future of the university system must be sufficiently flexible to accommodate upward or downward trends in participation rates that only the passage of time can translate from the realm of speculation through the realm of likelihood to that of reality. But the demographic profile does not thereby lose validity as a starting point for future planning. This is because it is based on the reality of births whose occurrence (or non-occurrence) already shape the likely size of the traditional university clientele group into the nineteen nineties. At least with respect to this important indicator, there can be virtually no doubt that the future of the university system is not what it used to be.

The Ontario universities are geographically dispersed. Their futures may accordingly be influenced by the location of their traditional clientele groups. On this question, Grade 13 enrolment projections from the Ontario Institute for Studies in Education yield pertinent estimates of the likely spatial distribution of potential university students into the mid-nineteen eighties. Charts 2 through 4 illustrate the trends.

Charts 2 and 3 portray Grade 13 enrolment trends in Northern, Southern and all of Ontario until 1986. Chart 2 traces absolute numbers of students; the more dramatic Chart 3 depicts the percentage changes in Grade 13 enrolment from the level obtaining in September, 1975. These charts mirror the demographic profile sketched in Chart 1. From the standpoint of the university system, they confirm that the immediate future holds out the prospect of further increases in traditional student enrolment, followed by a sharp decline. The simple segregation of northern from southern Ontario brings home the utility of examining enrolment trends by area. It appears that the North, unlike the South, is virtually at the peak of Grade 13 enrolment at present and that the subsequent decline in this enrolment category in the North will be considerably more precipitous.

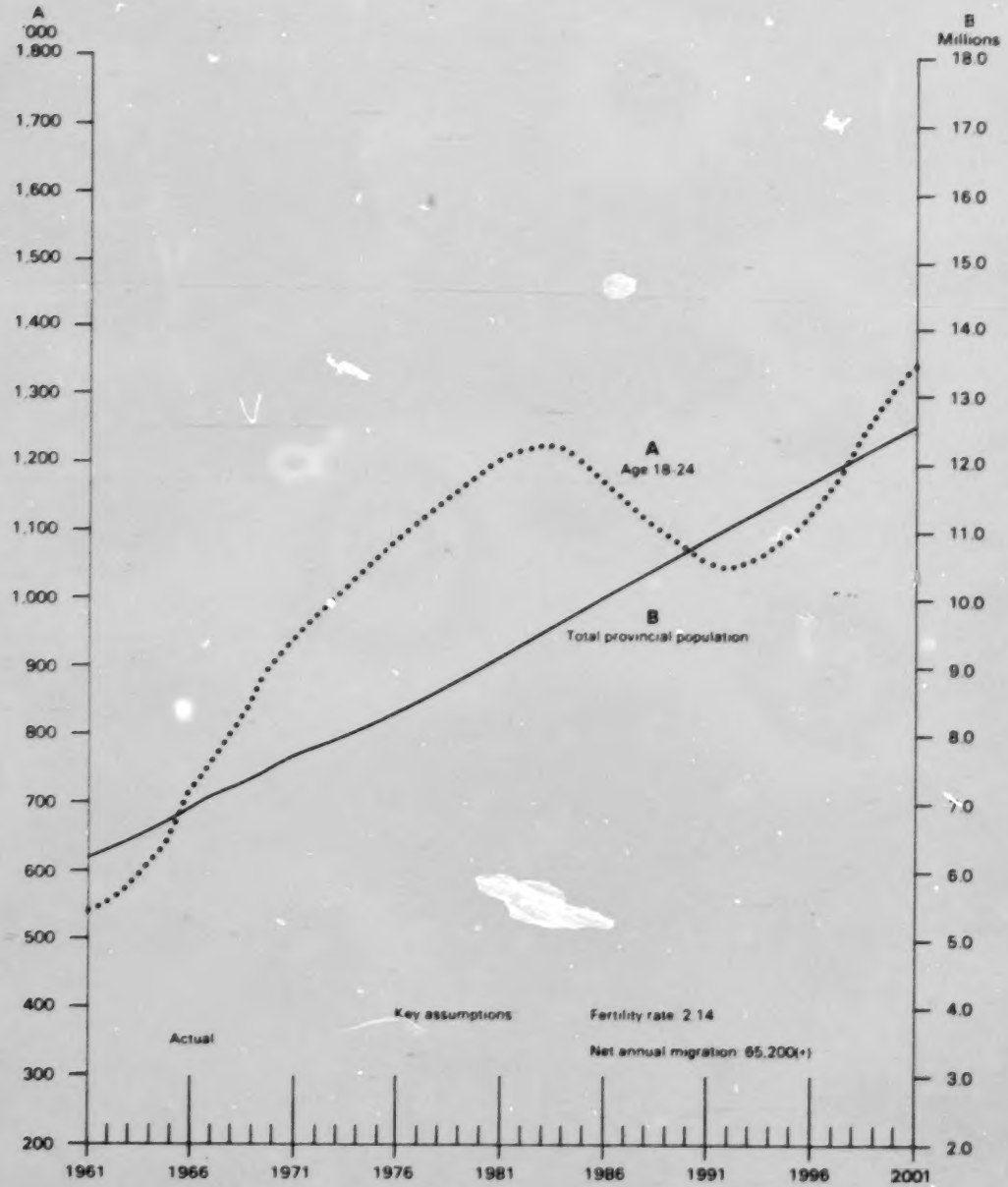
Chart 4 pursues the spatial disaggregation of Grade 13 enrolment trends by distinguishing among major urban areas, exurban areas, other urban areas, other southern areas and Northern Ontario. The notes to this chart list the counties, districts or regions whose grade 13 enrolment projections were assigned to each of the above categories. The arresting deviation from the all-Ontario trend is found in the Golden Horseshoe counties of Peel, Halton, Ontario and Wellington on the fringes of the established metropolitan areas of Toronto and Hamilton. These exurban counties stand out not only by virtue of their projected growth rate but because they are alone in holding out the prospect of Grade 13 enrolments that will remain substantially higher than 1975 levels.

Ontario's changing demographic profile gives cause for sober reflection on the future of the university system. In the absence of considerably increased participation rates, enrolment drawn from the traditional university clientele group is likely to fall below 1975 levels within a decade. Now is the time to begin to anticipate the possible consequences for the stability and future functions of the university system. In the meantime, of course, there is the prospect of continued enrolment growth fueled by the tail end of the 18 to 24 year population bulge. Can broad accessibility to the university system be denied to this group without begging the

8

Selected Age Group Population Approximately Relevant to School Enrolment, Ontario, 1961-2001

Chart 1

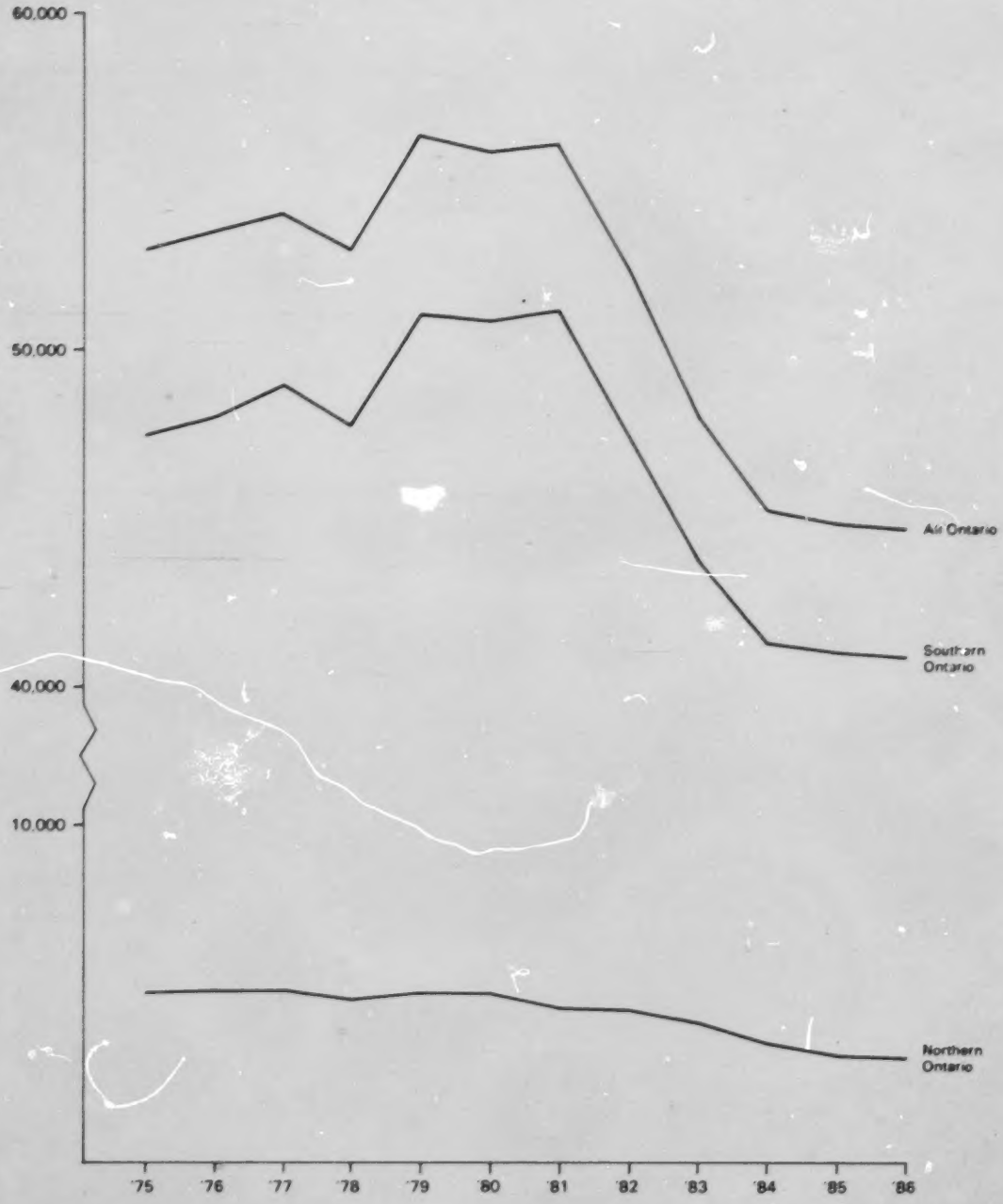


Source:
Population and Enrolment Trends, 1961-2001, The Canadian Case
(Zoltan Zsigmond, Statistics Canada)

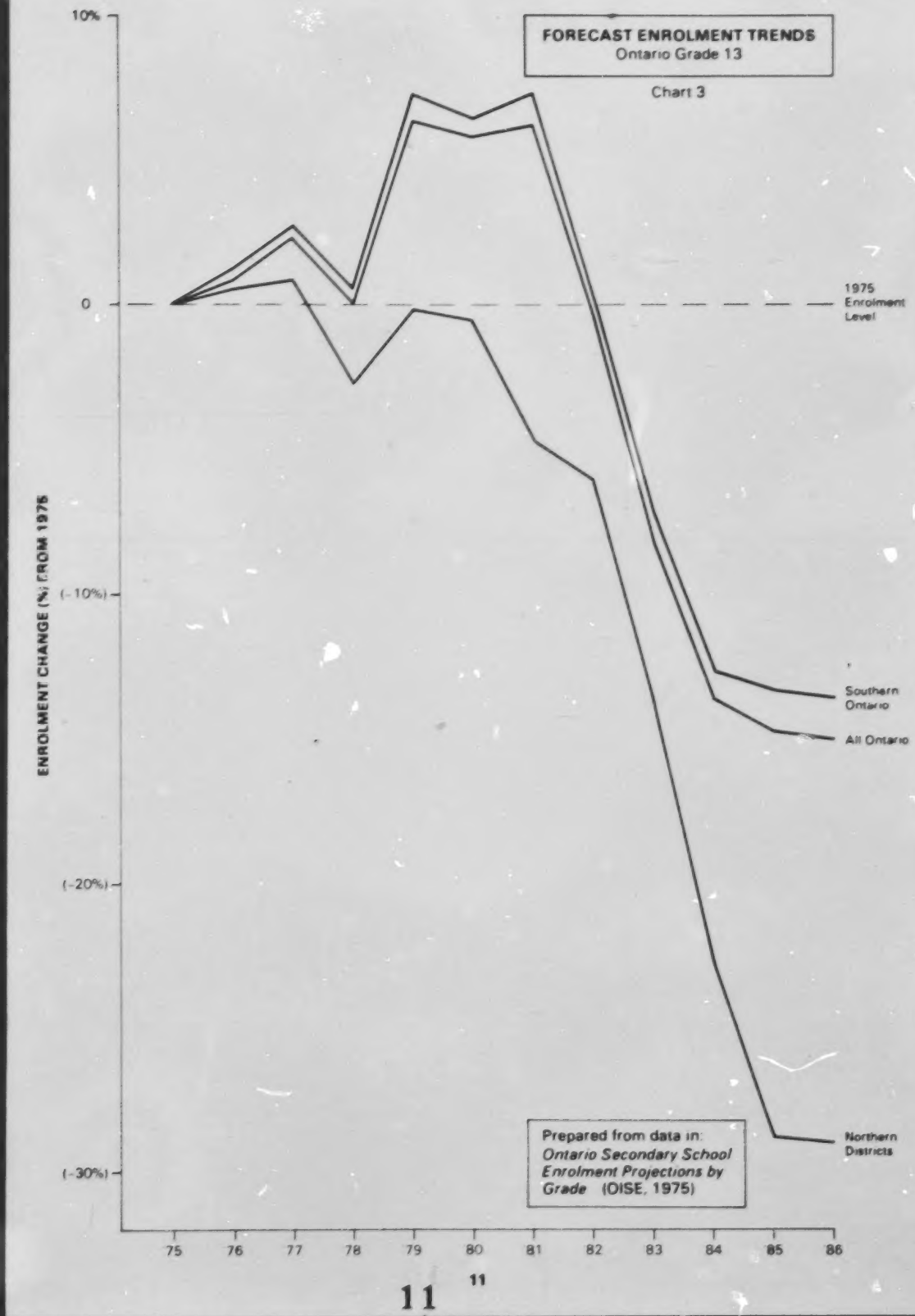
9

FORECAST ENROLMENT TRENDS
Ontario Grade 13

Chart 2

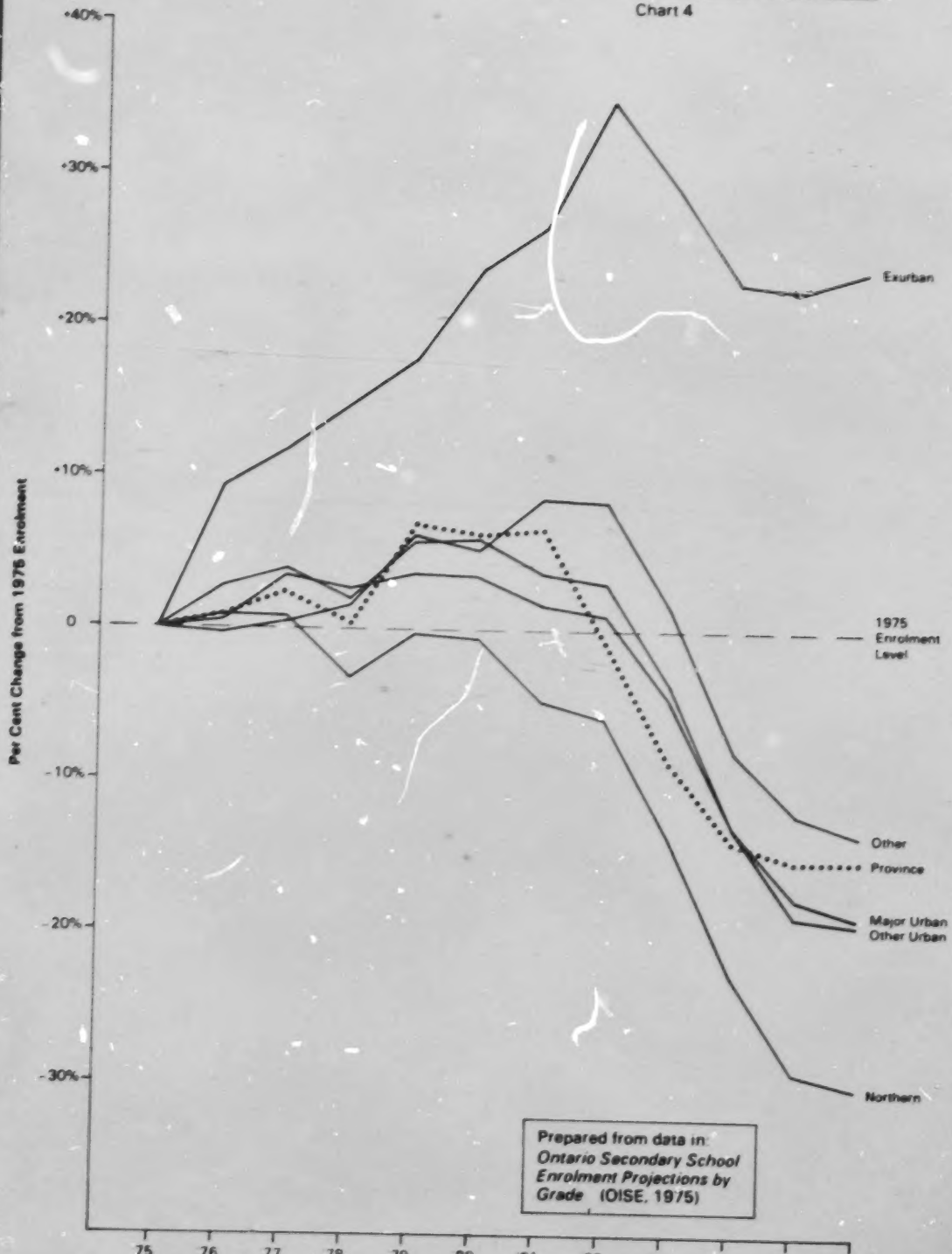


Prepared from data in:
Ontario Secondary School Enrolment Projections by Grade (OISE, 1975)


FORECAST ENROLMENT TRENDS
Ontario Grade 13
Chart 3
10%
0
(-10%)
(-20%)
(-30%)
ENROLMENT CHANGE (%) FROM 1975
1975 Enrolment Level
Southern Ontario
All Ontario
Northern Districts
Prepared from data in:
Ontario Secondary School Enrolment Projections by Grade (OISE, 1975)
75
76
77
78
79
80
81
82
83
84
85
86

GRADE 13 ENROLMENT TRENDS BY GROUP

Chart 4



Prepared from data in: *Ontario Secondary School Enrolment Projections by Grade* (OISE, 1975)

Major Urban
Carleton
Essex
Middlesex
Niagara
Waterloo
Wentworth
York

Exurban
Halton
Ontario
Peel
Wellington

Other Urban
Brant
Frontenac
Hastings
Kent
Lambton
Leeds & Grenville
Oxford
Peterborough
Renfrew
Simcoe
Stormont, Dundas and Glengarry

Northern
Algoma
Cochrane
Kenora
Manitoulin
Nipissing
Parry Sound
Rainy River
Sudbury
Thunder Bay
Timiskaming

Other
Bruce
Dufferin
Elgin
Grey
Haldimand
Haliburton
Huron
Lanark
Lennox & Addington
Muskoka
Norfolk
Northumberland & Durham
Perth
Prescott & Russell
Prince Edward
Victoria

question of inter-generational equity? How can accessibility be sustained in the short run when enrolment projections for later years caution against the acquisition of additional long-run commitments to personnel and plant resources? What are the potential trade-offs between short-run accessibility on the one hand, and items like faculty-student ratios and space standards on the other? To what extent can the severity of potential trade-offs be mitigated by deliberate attempts to ensure that the capacity of the university system is fully utilized in each and every institution? Given the likely spatial distribution of candidates for university admission, what measures might be contemplated to make it easier for students to attend university away from home?

Ontario's changing demographic profile suggests that questions such as these deserve a place of primacy in the dialogue between Government and the university system. It of course bears repetititon that the future of the university system will be conditioned by changes in participation rates and not simply by demography. Indeed, this future will also be shaped by the manner in which universities exercise their own responsibilities in devising new patterns of higher education. The current importance of demography is that it is by far the most predictable parameter, and hence the logical starting point in the process of planning for the next two decades.

Capital Assistance Policy

The need for a fundamental reassessment of capital policy was identified by Council in Advisory Memorandum 75-VI. In its search for principles, Council distinguishes three areas for the purpose of initial discussion: (1) the expansion of the existing plant, (2) the renovation, replacement, and alteration of this plant, and (3) the replacement of furniture and equipment.

The Expansion of Existing Plant. Ontario's changing demographic profile indicates that Government and the university community await a future that is not what it used to be. Has the interim capital formula lost is raison d'être when system-wide enrolment may fall

below the 1975 level by the mid 1980's? Between now and the mid-eighties, there may be significant growth in system-wide enrolment. To what extent can it be accommodated within present capacity through special temporary measures? Given the inherent limits of such measures, should Government alter its present policy so as to provide special funding for the rental of facilities or the acquisition of temporary structures? On what criteria might such funding be extended?

Can space be sought elsewhere in the educational system? The more efficient utilization of university plant cannot be divorced from the possible availability of space in colleges of applied arts and technology. Aiso, it is desirable to bear in mind that lessened pressure on secondary school facilities may coincide with the peak of the enrolment bulge in the university sector. Is it not necessary to identify and coordinate all available space in universities, colleges of applied arts and technology and secondary schools?

Replacement, Renovation and Alteration of Plant. With the exception of health science facilities the Government generally has not funded the replacement of older buildings since the introduction of the capital moratorium in 1972. To what extent is replacement a priority vis-à-vis the renovation and alteration of plant currently funded through cyclic renewal? Should a capital aid policy permit replacement, renovation and alteration projects to compete equally at any given level of global Government funding? If this is desirable and funds remain limited, should the current policy of providing 100 percent funding for a restricted number of approved renovation and alteration projects be re-examined? Would a policy of partial Government funding for replacement, renovation and alteration projects permit a more rational determination of priorities given limited availability of public funds? Is private support likely to be attracted by a return to partial Government funding of capital needs? Is such support more easily attracted to new buildings that replace old facilities than to renovation and alteration projects?

To what extent should Government capital assistance for renovation and alteration be supplemented by university operating revenues? If a purpose of renovation is to promote economies in operating costs are operating revenues not a reasonable source from which to supplement capital assistance? Currently, minor renovations and alterations (i.e. projects costing less than $25,000) receive no capital assistance from Government whereas major renovations and alterations (i.e. projects above this amount) receive 100 percent capital support if approved by Government. Does this abrupt distinction have undesirable steering effects? If so, do such effects provide an additional rationale for a policy of partial support for renovation or alteration projects?

Were Government support to be available for replacement as well as renovation and alteration costs, how might the level of Government funds available for contribution be determined? Should they be determined by a revamped cyclic renewal formula geared specifically to replacement as well as renovation and alteration? Could "entitlements" under such a formula then become a basis for the planning of Government capital expenditures over a multi-year period?

Replacement of Furniture and Equipment. Under present arrangements, no cyclic renewal funds are provided for furniture and equipment unless these items form part of an approved major alteration or renovation project. However, in each of its two funding Memoranda (74-IV and 75-VI), Council incorporated an allowance of 2.5 percent of total non-salary expenditure budgeted for the previous year as a proxy for the incremental cost of replacing furniture and equipment, thereby making this cost a charge on the level of operating grants requested of Government. The resulting operating revenue is, of course, not earmarked and generally available for university disbursement in accordance with over-all internal priorities. Is Council's treatment of furniture and equipment defensible in amount? More important, is Council's approach of recognizing this capital need in calculating the level of operating support desirable in principle? Assuming that university operating revenues continued to incorporate a non-earmarked allowance for furniture and equipment, is the distribution mechanism of the operating grants formula appropriate? Or

would the more appropriate type of distribution mechanism be a formula that took specific account of such factors as age and technological obsolescence? Could such a distribution mechanism remain supportive of a non-earmarked approach to funding?

Taxpayer and User Contributions

Debate over taxpayer (Government) as opposed to user (student) contributions to the operating income of the university system raises two distinct issues. The first is over the percentage of university support supplied by Government through operating grants in comparison to that collected from students through tuition fees. The second involves the question, at any particular average level of student-generated support, of who should determine tuition fee levels by program—the Government, individual universities, the university collectivity or some combination of the three.

The Report and special studies of the Commission on Post-Secondary Education included a well documented and necessarily controversial treatment of the questions of taxpayer and user contributions to the university system. The recent appearance of the *Report of the Special Program Review* of the Government of Ontario, followed by the release of the Ontario Economic Council paper on *Issues and Alternatives in Education*, is rekindling active debate on the subject. In that this subject has profound implications for the system that comprises this Council's terms of reference, it is incumbent upon Council to prepare to make its own input. Such preparation involves dialogue with the university community, and as a preliminary step involves some judgment on Council's part concerning the areas in which its own input could be most appropriate.

Council begins by registering the opinion that the first main-line issue it has distinguished—that of the percentage of support generated by Government grants as opposed to student fees—has certain facets that probably lie beyond its terms of reference. A key instance is that of fiscal equity. Different mixes of taxpayer as opposed to user financing raise profund questions of income distribution (or vertical equity) among individuals and of discrimination (or horizontal equity) between those individuals who attend university and those who do not. Questions of vertical and horizontal equity adhere to every important Government expenditure and revenue-raising activity. Precisely for this reason, they involve social judgements that cannot be divorced from a consideration of the impact on horizontal and vertical equity of all Government expenditure programs and all sources of public revenue. Advisory input on such judgements would seem to exceed the bounds assigned to Council by its terms of reference.

Another facet of taxpayer as opposed to user financing involves the extent to which fiscal constraints on Government may demand less reliance by the university system on operating grants and greater reliance on student fees. The *Report of the Special Program Review* yields a perspective on this question that, pursuant to stated terms of reference, is clearly generated by a search for areas of expenditure reduction in a climate of fiscal constraint. This Council, as an advisory body vested with a responsibility for the public interest, can and does take account of the general economic climate in generating its own advice to Government. A key example is Council's funding advice for 1976-77 outlined in Advisory Memorandum 75-VI. But sensitivity to the economic climate is in Council's view to be distinguished from the judgement of whether fiscal constraint demands a change in the mix of taxpayer and user financing for the university system. This again is a judgement which, in affecting a particular public expenditure program should have some comparative basis geared to knowledge of other public expenditure programs. For both 1975-76 and 1976-77, Government's own judgement was that tuition fees should remain frozen, thereby indicating its conclusion that fiscal constraint should not be a factor affecting the user portion of university as opposed to other public expenditures. Just as Council accepted this judgement by Government in each of the first two years of its existence, so would it maintain the view that the impact of fiscal constraint on the importance of tuition fees should be left for the Government to consider as a matter of its over-all responsibility for provincial fiscal management.

There is a third facet of the issue posed by the relative contribution of fees and grants which by contrast Council deems as falling squarely within its terms of reference. This is the highly important matter of student accessibility to the university system. Council takes as Government policy the intention that the university system is to be broadly accessible. Within this guideline, Council must have an ongoing concern for the extent to which future reliance on user financing could affect accessibility. This concern cannot be isolated from the consideration of student financial aid. Council is momentarily silent on the issue of financial aid policy in deference to the Interim Committee on Financial Assistance to Students, whose report is expected during the coming summer. But it at once claims and accepts a continuing advisory responsibility with respect to the extent to which the level of user financing in the university system, in concert with student aid policy, might affect the accessibility of that system.

The second main issue in taxpayer and user financing is the question of who—Government, individual universities or the collectivity—should fix the actual tuition fees that might be assessed on students in different programs once any particular average level of user support is indicated with reference to the level of operating grants. The implications of this issue for university autonomy, accountability, differentiation and granting formulas are such that it appears central to Council's terms of reference. Council's hearings in the spring of 1975 occasioned considerable discussion of the legal fee prerogative of the universities, a prerogative that has *de facto* been dormant during the present decade. Hedging their comments with varying degrees of caution, most if not all universities pronounced themselves in favour of some effective measure of fee autonomy.

The *Report of the Special Program Review* lends support to a restoration of fee autonomy by recommending that "the Government lift its control on tuition fees and allow universities and colleges, either collectively or individually" to determine fee levels. The more recent publication of the Ontario Economic Council on *Issues and Alternatives in Education* endorses fee autonomy without reference to collective determination, and hence apparently at the level of individual institutions. The O.E.C. publication offers institutions a guideline for the setting of program fees, namely the varying levels of private benefit and instructional costs of different programs of study. It goes on to suggest the advisability of revisions in the operating grants formula whereby program weights might be altered in the light of the same guideline. Such revisions might be construed as signals from Government on the levels that fees might attain for different programs.

The Special Program Review and the Ontario Economic Council evidently espouse tuition fee autonomy, but their advocacy is couched in terms that are sufficiently vague to suggest to this Council that its immediate dialogue with the university community should seek to clarify the potential roles of Government, universities and the collectivity in determining fee levels.

The potential role of the collectivity in fee determination can vary from that of a simple organ of consultation to one of joint decision. Is there a spectrum along which consultation in effect becomes joint decision? To what extent would collectively determined fee-increase "guidelines" constitute a point at which a process of consultation had become one of joint decision? Are joint decisions in fee setting perhaps desirable, whether across-the-board or by program area (e.g. law, medicine, arts, graduate study)? But what are the implications for accountability? Can or should the collectivity assume the dormant fee-setting prerogative of institutional governing boards? And through what means can the collectivity then be held accountable?

To the extent that the fee prerogative might be meaningfully restored at the level of individual institutions, to what degree are the institutions themselves willing to make social judgements about advisable levels of user contributions? Or do they propose to set these levels only with reference to their self-perceived revenue needs and competitive positions? The Ontario Economic Council correctly observes that provincial student assistance levels should not favour individual universities with higher program fees than other institutions. To what extent are individual universities prepared to mount their own

16

student aid plans to compensate for the redistributive effects of higher fees? Does the exercise of university autonomy extend to a differentiation among institutions in accordance with the income classes of their respective clienteles?

The role of Government in fee-setting returns to the extent that institutions will look there for guidelines. Are the guidelines to be those that might be deduced from whatever change in across-the-board levels of operating support Government chooses to make in any given year? If so, would individual institutions fall heir to a burden of responsibility for fee levels that otherwise belongs to Government? What of more specific criteria for tuition fee increases? Is a private benefits-instructional cost guideline such as proposed by the Ontario Economic Council reasonable and appealing? Is such a guideline likely to yield anything other than system-wide fee differentials by program? Is this end result not all the more likely if formula weights or formula fees are altered by Government? And do such alterations not make differential fees a matter of Government responsiblity? To close with a summary question, is the restoration of the fee prerogative a constructive measure on behalf of university autonomy or a move that would dilute the respective spheres of Government and university accountability?

75-I Speech Pathology and Audiology at The University of Western Ontario

During the summer of 1974, the Ministry of Colleges and Universities received from The University of Western Ontario, through the office of the Executive Vice Chairman of the Advisory Committee on Academic Planning of the Council of Ontario Universities, an application for funding approval of a Master's degree program in Speech Pathology and Audiology. Council was seized of this application shortly after its appointment on September 25, 1974.

Council notes that the Western application is not in an embargoed discipline, that Speech Pathology and Audiology was duly included in Western's general plan for the development of graduate work, and that the proposed program has received a favourable academic appraisal. If Council has delayed the formulation of a positive recommendation until now, this is solely because it has been expecting a formal proposal from the University of Toronto, and has been aware of earlier recommendations from the Council of Health and the Ministry of Health that only one institution in the Province should offer a graduate program in Speech Pathology and Audiology.

Council has recently learned that the expected proposal from the University of Toronto continues to await appraisal. For Council to postpone yet further a recommendation with respect to the Western application would clearly be to penalize an institution that has proceeded in good faith with the initiation of a planned and favourably appraised program. As to the earlier recommendations of the Ontario Council of Health and the Ministry of Health mentioned above, correspondence with the Health Council indicates that the matter has not been reviewed since it arose some two years ago.

When and if a formal application from the University of Toronto in Speech Pathology and Audiology is received, Council believes that that University should assume the entire burden of showing why it should receive fun-

18

ding for what might then become a second graduate program in that discipline. As to the Western application, which has by now long cleared each and every step in the funding approval procedure, Council believes that any further postponement of a recommendation is unconscionable. Accordingly, *Council recommends to the Minister:*

OCUA 75-I
Master's Program in Speech Pathology and Audiology at The University of Western Ontario
That the application for the formula funding of the new Master's program in Speech Pathology and Audiology at The University of Western Ontario be approved.

J. C. Dupré,
Chairman

April 29, 1975

75-II Formula Revision: The Question of Formula Sensitivity to Changes in Enrolment

Among the items on Council's agenda of possible revisions in the formula that currently determines the distribution of operating grants to Ontario Universities, the question of formula sensitivity to changes in enrolment is one of considerable importance. By letter of the Chairman addressed to the executive head of each institution on February 17, 1975, Council asked that each university offer its views "on ways in which the present formula might be revised so as to become less sensitive to changes in enrolment levels." Council is currently in the process of receiving these views as it conducts its regular Spring hearings with the university community.

The question of formula sensitivity to changes in enrolment is one that Council would be ill-advised to answer precipitously. In equity to the institutions involved, Council must allow its current hearings to run their course so that all views on the question can come properly before it. In fairness to the Government, Council must further allow for the study and reflection that informed advice demands.

Without in any way prejudging what the eventual content of its advice might be, Council wishes to ensure that it will be able to weigh the advisability of a 1976-77 operating grant system less sensitive to enrolment changes than the present formula, in good faith with all involved. In seeking the necessary assurance, Council is above all concerned that full heed be given to the issue of retroactivity that can become an effective barrier to change in fiscal arrangements. It will be recalled that Council, in Advisory Memorandum 74-II, rejected possible changes in formula funding for 1975-76 on the ground that the impact of such changes at that time would have been "arbitrarily retroactive in nature."

At the present moment, Council is well aware that individual institutions confront admission decisions in an environment where the present formula may be one of a number of influencing factors. These decisions might in turn come to be cited as a barrier to formula change for 1976-77 on grounds of arbitrary retroactivity. To avoid this possible outcome, Council must ensure that individual universities make their admission decisions with the knowledge that a formula less sensitive to

19

changes in enrolment is a genuine possibility for 1976-77. In full deference to the Government's long-standing policy of maintaining accessibility for all qualified applicants, and to its enunciated funding objective of accommodating predicted enrolment increases, Council respects the need to avoid any change in formula financing that would adversely affect student accessibility to the university system as a whole. But individual universities should be officially on notice that Council is seriously contemplating options whereby formula funding might become less sensitive to enrolment changes than the mechanism now in effect.

So that universities may be informed in this regard at the highest official level, *Council recommends to the Minister:*

OCUA 75-2
Ministerial Announcement With Respect to the Possibility of Revisions Whereby the Operating Grants Formula Might Become Less Sensitive to Enrolment Changes
That the Minister make an early announcement to the Universities, Ryerson and the Ontario Institute for Studies in Education, in accordance with the considerations laid out above, informing them that Council is actively considering options whereby the formula that will determine operating grants for 1976-77 might be made less sensitive than the present formula to enrolment changes.

J. S. Dupré
Chairman

May 9, 1975

75-III The Ontario Graduate Scholarship Program, 1976-77

The Ontario Graduate Scholarship Program was introduced in 1973 "to encourage excellence in graduate studies." Winners of the first competition held their awards during 1974-75. The second competion, for awards tenable in 1975-76, has now drawn to a close.

In preparing its advice concerning the third OGS competition, Council has solicited and received the views of the affected institutions, the Council of Ontario Universities and student organizations. Council has also had the benefit of written comments from the Ontario Council on Graduate Studies, and of a report to the Ministry of Colleges and Universities from Professor Peter A. Forsyth, Chairman of the Selection Board for the 1975-76 competition. The latter document is cited in this memorandum as the Forsyth Report.

Program Administration

Council takes pleasure in opening its remarks by commenting favourably upon a new program that is distinctly stamped by early administrative success. The initial OGS competition was beset by its share of start-up problems. What is noteworthy is the extent to which so many of these problems were corrected in time for the second competition. The Forsyth Report comments that, "this being the second year of operation it might reasonably have been expected that the (administrative) process would go more smoothly", and then observes modestly that "in fact it appears to have done so."

Council is happy to report that the unanimous thrust of the comments received from the university community is to the effect that marked improvements were quickly and smoothly achieved. In so reporting, Council takes due note of the extent to which successful program operation hinges upon close collaboration among Ministry officials, the members of the Ontario Council of Graduate Studies, and the academic experts from the University community who serve on selection panels. The harmonious and constructive quality of government-university relations in the operation of the Ontario Graduate Scholarship Program is a tribute to all concerned and deserves to stand as a model for other initiatives.

Opportunities of course remain for further administrative improvement and refinement. A number of suggestions have been advanced in both the OCGS comments and the Forsyth Report. Council has received yet other suggestions in its briefs from the universities, and will forward these to the participants in the operation of the scholarship program. Council warmly encourages the participants to expand their early administrative success into a proven and time-tested record of close collaboration. Council believes that this end is best served in a setting where the participants will themselves assess suggestions for administrative improvement, and implement those that, on the basis of their growing experience in running the program, appear to them most conducive to operational efficiency and academic excellence. While Council remains ready to make available its assistance in achieving administrative improvements, it believes that a sure index of continuing operational success will be a setting where Council's advisory capacity on administrative matters is *de trop*. In this spirit, Council confines its remarks in the balance of this memorandum to policy matters.

Scholarship Eligibility

Ontario Graduate Scholarship holders are selected on the basis of their academic excellence by specialized evaluation panels. As such, the program is one of prestige awards rather than one of student assistance. However, ninety per cent of the 1,000 Ontario Graduate Scholarships that can be awarded annually are reserved for Canadian citizens. The balance of ten per cent may be allocated to landed immigrants or foreign students.

The university briefs received by Council are virtually unanimous in pinpointing the ten per cent quota within which landed immigrants are equated with foreign students as the single greatest source of dissatisfaction with the OGS program. The quota may indeed beg a genuine question of discrimination as between Canadian citizens and landed immigrants, whose equality for such important purposes as employment, accommodation, housing and publications is specifically protected by the Ontario Human Rights Code.

Council has studied the eligibility provisions that govern comparable major prestige award programs in Canada. In its studentship program, the Medical Research Council makes no discrimination whatever between landed immigrants and Canadian citizens. The Canada Council requires landed immigrants who are candidates for its doctoral fellowships to have held that status for one year prior to the closing date for applications. The postgraduate scholarships of the National Research Council are open to all landed immigrants who hold that status at the time of application and have completed one full academic year of study and/or research at a Canadian university. The Government of Quebec requires that candidates for master's and doctoral scholarships administered by the province be either Canadian citizens or landed immigrants for eighteen months.

The eligibility provisions governing programs comparable to OGS are evidently variegated. Only the Medical Research Council makes no discrimination whatever between landed immigrants and citizens. The other programs surveyed by Council discriminate between certain classes of landed immigrants by excluding those who have not held that status for a specified time period (Canada Council, Quebec) or who have not studied in a Canadian university (National Research Council). No program discriminates against landed immigrants to the point where, as in the Ontario Graduate Scholarship Program, all persons holding that status are automatically assigned to a restricted quota of awards.

In the realm of student assistance as distinct from prestige awards, Ontario's own eligibility rules are less restrictive than those governing OGS. The basic eligibility rule for the Ontario Student Assistance Program is that the individual be a Canadian citizen or have resided in Canada and held landed immigrant status for twelve consecutive months prior to the first day of the month in which he or she registers for a course of study.

The comparatively restricted eligibility provisions of the Ontario Graduate Scholarship Program are perhaps even less tenable when it is recalled that this program confers prestige awards rather than student assistance. If

21

the object of the program is to reward academic excellence, discrimination between landed immigrants and citizens potentially lowers the standards of the competition. That it has in fact done so is apparent from the Forsyth Report. In the words of that document, "The results of the initial evaluation procedure showed up a gross disparity between the cut-off point in awards to Canadians and the corresponding point in awards to landed immigrants. In fact essentially all of the landed immigrants on the reversion list (very few of whom will actually receive an award) would have had an immediate award if it were not for the ... quota." The Forsyth Report goes on to document the intensity with which members of selection panels abhor the existing quota. "There were many violent condemnations ... Some panel members indicated that they would not be prepared to serve again on an evaluation panel if no modification is made in the interpretation of the non-Canadian quota."

The sum of Council's own considerations of the issue is that the eligibility rules for the Ontario Graduate Scholarship Programme should apply equally to Canadian citizens and persons who hold landed immigrant status. Such rules simultaneously serve the goal of equal treatment and further the standards of a prestige award program. Council recognizes that the existing quota, and for that matter the less restrictive provisions affecting certain categories of landed immigrants in the scholarship programs of other jurisdictions, may have been motivated by a perceived need to avoid the granting of awards to what might be called "transient" landed immigrants. Council notes, however, the OCGS observations that "the present immigration regulations, and especially the point system amendments made in February, 1974, bar any student from receiving landed immigrant status for the purpose of gaining eligibility for scholarships and fellowships." Furthermore, the University of Waterloo has pointed out in its brief that:

> Recent studies carried out by the Canadian Association of Graduate Schools have shown that about two-thirds of the students who were landed immigrants at the time of graduation, remained in Canada to take employment. They are, therefore, *bona fide* landed immigrants and not people who come to Canada as landed immigrants simply to attend university. Indeed some of them may well have been landed immigrants before entering university. This percentage of landed immigrants taking employment in Canada compares very favourably with the 85% of Canadian graduates who take employment in Canada.

In devising a specific proposal in line with its intent, Council is aware of the need for rules that are simple to administer and straightforward in application. Council is therefore prompted to favour an eligibility rule that encompasses persons who are Canadian citizens or who hold landed immigrant status as of the official closing date for applications in each annual Ontario Graduate Scholarship competition. For the 1975-76 competition, this date was December 2, 1974. Council is aware of the fact that, under existing OGS rules, each individual university can make up to ten institutional nominations for scholarships without regard to the closing date for applications. So that Council's proposed eligibility rule will be absolutely straightforward and hence equitable in its application, institutional nominees who are landed immigrants should have held that status as of the official closing date for applications, whatever the time at which they are nominated. *Council accordingly recommends to the Minister:*

OCUA 75-3
Ontario Graduate Scholarship Program
Eligibility
That the Ontario Graduate Scholarships be equally open to Canadian citizens and to persons who hold landed immigrant status as of the official annual closing date for applications, it being understood that this provision applies similarly to institutional nominees.

Having made the above recommendation, Council is aware that the effect is to eliminate a quota which, while discriminating against landed immigrants, has permitted other foreign students a limited degree of eligibility. Council has accordingly considered whether a revised quota might be set aside for such students, or for that matter whether they might be equally eligible along with Canadian citizens and landed immigrants.

22

In broaching these questions, Council has been impressed by the fact that none of the prestige awards to which it has compared the Ontario Graduate Scholarship Program makes provision for foreign students who are not landed immigrants with the sole exception of the Medical Research Council studentship. At that, the latter agency specifically qualifies the eligibility of such students for its awards by specifying that they must be highly recommended by their prospective supervisors in Canada. In a constitutional framework that clearly assigns the bulk of international jurisdiction to the Government of Canada, Council cannot refrain from noting pointedly that the three federal research councils, with a single qualified exception, do not extend scholarship eligibility to foreign students who are not landed immigrants. This may be because other federal agencies such as the Canadian International Development Agency have been assigned a lead role with respect to foreign students, or it may be for other reasons. Whatever the case, it seems to Council that a provincial program of prestige awards is properly one in which the eligibility of foreign students who are not landed immigrants is of low priority. Council also observes that its briefs from the university community fully reflect this low priority, and that the Forsyth Report states that "there is no objection to a very limited quota for student visa holders or possibly even to declaring such students ineligible." In this setting, Council is content for the time being to restrict eligibility for Ontario Graduate Scholarships to Canadian citizens and landed immigrants.

The Level and Number of OGS Awards

The accompanying table compares the current level of OGS stipends to those prevailing under federal prestige award programs. Before offering its views on the advisability of change in the current level of OGS stipends, Council wishes to draw attention to the recently adopted practice that provides for direct Ministry payment of the compulsory university fees for which OGS holders are assessed. This practice is at variance with that followed by the federal granting councils, all of which provide an integrated stipend from which award holders themselves pay the assessed fees of the institutions in which they register.

Comparative Scholarship Stipends

	OGS	NRC Stipends (PGS 1 & 2)	Canada Council Stipends (1st & 2nd Ph.D.)
1971-72	—	$3,800	$3,500
1972-73	—	$3,800	$3,500
1973-74	—	$4,050	$3,500
1974-75	$3,400*	$4,050 to Oct. 1 $4,500 from Oct.1	$4,000
1975-76	$3,400*	$5,000	$5,000
% increase in 1975-76 over 1974-75	0	23.4%	25.0%

*$2,400 3-term stipend plus $1,000 in tuition and other compulsory fees.

To achieve comparability among stipends for the purpose of its table, Council made the requisite adjustment in the amount of the OGS award. This adjustment naturally led Council to question why the OGS practice with respect to compulsory fees should be peculiar to that program. Far from uncovering any compelling reason, Council finds to the contrary that an integrated stipend from which award holders pay their own fees is conducive to administrative simplicity. Universities do not have to invoice the granting agency and the latter in turn has no bill to pay or verify. More important is the question of equity among graduate students who hold prestige awards from different sources. Even in a setting where there is negligible variation among Ontario universities in the effective level of graduate tuition fees, other compulsory fees can and do differ. The existing Ministry practice, which automatically encompasses all compulsory fees, places OGS holders at variance with their counterparts, winners of other prestige awards, who must pay these fees from their own stipends. Accordingly, for reasons of simplicity and particularly equity, *Council recommends to the Minister:*

OCUA 75-4
Integrated Stipends For Ontario Graduate Scholarship Awards
That the current practice whereby compulsory university fees levied upon Ontario Graduate Scholarship holders are paid to institutions by the Ministry of Colleges and Universities be discontinued in favour of a single integrated stipend payable to all award holders.

Council now reflects upon the differential between the three-term Ontario Graduate Scholarship stipend, adjusted for purposes of comparison to include the $1,000 that the Ministry estimates as its average compulsory fee payment, and the stipends of comparable prestige awards. It is evident that the original intent of the Ontario Graduate Scholarship program was to provide a stipend moderately lower than federal prestige awards, quite possibly on the reasonable ground that this program provides awards on the basis of a provincial rather than nation-wide competition. At the beginning of the first OGS year, NRC and Canada Council stipends were respectively 19.1 per cent and 17.6 per cent higher than OGS awards. These two federal stipends were then rapidly adjusted upward in the face of inflationary trends, and in 1975-76 will both be 47 per cent higher than the OGS Level. Council is informed that further adjustments in federal prestige award stipends for 1976-77 are under active consideration. As to the Province of Quebec, scholarship stipends are currently in a range of $3,000 to $4,500, the exact amount depending on whether an award holder is a master's or doctoral candidate and single or married. Whatever the comparison, it is evident that there is a *prima facie* case for a substantial increase in the level of OGS stipends in 1976-77.

Council has duly weighed the extent to which a change in the number of OGS awards might constitute an acceptable trade-off against higher stipends. Its clear message from the university community is to the effect that an absolute priority attaches simply to maintaining the numbers of awards at the present level of 1,000. Within this framework, there is on balance a clearly detectable preference for improved stipends over higher numbers of awards. For their part the federal research councils have adjusted their own stipends in clear accord with this preference, leaving the number of awards constant.

It appears to Council that the very purpose of the Ontario Graduate Scholarship Program speaks in favour of according priority to improved stipends over an increased number of scholarships. A prestige award designed "to encourage excellence in graduate studies" should carry a stipend sufficient to attract and nurture excellence in the face of increasingly financially attractive alternatives to graduate study and of economic pressures that detract from scholarly endeavour.

Council has duly weighed possible alternative stipends for 1976-77, and observes that an integrated award of $4,500 would reduce the differential between Ontario and federal prestige awards to either moderately below or moderately above the original differential of 1974-75, depending on whether or not federal stipends are again increased for 1976-77. Accordingly, *Council recommends to the Minister:*

OCUA 75-5
Ontario Graduate Scholarship Stipends, 1976-77
That the Ontario Graduate Scholarship carry an integrated stipend of $4,500 or $1,500 per term in 1976-77, it being understood that the number of awards will be maintained at the current level of 1,000.

As to what might constitute a desirable number of awards in 1976-77, Council has chosen after due deliberation to espouse no increase for that year. This is in part to emphasize the priority that Council attaches to the level of stipend recommended above. It is also because Council does not yet consider itself sufficiently knowledgeable to offer informed advice on the question. Council simply wishes at this time to record the view that any future judgement as to the appropriate number of OGS awards must give due weight to the primacy of excellence in a prestige award program. This view necessarily assigns secondary priority to broader considerations of either accessibility or manpower need.

Other Policy Issues

Council closes this memorandum by addressing itself briefly to five OGS policy issues that have come to its attention. These are disciplinary coverage, institutional awards, renewals, graduate study in francophone universities, and earnings limitations.

Disciplinary Coverage

Ontario Graduate Scholarships, unlike their predecessor program which favoured the humanities and social sciences, are uniformly available in all disciplines. But the outcome of the first two competitions has been a distribution pattern whereby award holders in the humanities and social sciences continue to predominate. This probably reflects the lower availability of federal prestige awards in these areas, particularly for the first year of graduate study. As a general proposition, Council shares the concern of the university community for nation-wide balance in rewards for excellence in all disciplinary areas when both federal and provincial programs are taken into account. The current outcome of OGS competitions appears to contribute to such a balance even though the Ontario program is open to all disciplines. It does not therefore appear necessary to consider any restriction in OGS disciplinary coverage at this time. As to the future, Council notes approvingly that the intent of proposed federal legislation with respect to the major research councils is to ameliorate treatment of the humanities and social sciences. An improved balance in federal award programs would remove any need to consider restricted disciplinary coverage in the OGS program.

Institutional Awards

Of the 1,000 OGS awards, 150, or ten per provincially-assisted university, are available on institutional nomination for tenure in the nominating institution. This feature of the program is particularly appreciated by small universities, and generally welcome for the flexibility it provides. Council is inclined to leave institutional awards undisturbed for the present, but wishes to emphasize the importance it attaches to administrative practices designed to ensure that institutional award holders meet the standards of excellence of the general competition. In this context, Council views as simply unacceptable the OCGS suggestion that universities should be completely free "to nominate any candidate, even those who . . . may have been turned down for an OGS."

Renewals

Unlike federal prestige awards, Ontario Graduate Scholarships are not renewable on the basis of satisfactory performance. Instead, award holders must compete annually on exactly the same basis as candidates for first awards. Council has received a number of representations on this issue. Similar proposals are discussed in the Forsyth Report as follows:

> It was again suggested that some form of renewal (subject to satisfactory performance) might be introduced into the program but there is evidence from this year's experience to suggest that if adopted it should not apply to a first award under the program. A different, but related, suggestion is that awards should be made in two or three different competitions each corresponding to a particular level of graduate study. These suggestions regarding renewability and stratification are passed along for consideration, but do not have the endorsation of the Board. Indeed, there is a danger that implementation of either suggestion would tend to degrade the scholarship competition by introducing some elements of the support system.

Council is impressed by this analysis of the problem and accordingly believes that it would be premature to consider a change in policy that would affect the 1976-77 competition.

Graduate Study in Francophone Universities

Ontario Graduate Scholarships are tenable only in Ontario universities. Council notes with concern the OCGS observation that this otherwise understandable rule may occasionally create difficulties for francophone scholarship candidates who wish to pursue a particular graduate program in French when such a program is not offered in Ontario. Council lacks a sufficient grasp of the nature and magnitude of this problem to formulate a recommendation at this time. Perhaps as an

interim measure any clearly identified problem case could be handled as a matter of administrative discretion.

Earnings Limitations
It has been brought to Council's attention that the current earnings limitations applied to OGS holders have not been fully adjusted to reflect the existing ceiling on remuneration to teaching assistants. Having been made aware of the extent to which universities remain short of meeting the ceiling for financial reasons, Council is reluctant to countenance a change in the existing amount. But the earnings limitations applied to OGS holders require an adjustment to meet the present ceiling, and also to take account of the tuition fee integration and higher stipends recommended earlier in this memorandum. Accordingly, *Council recommends to the Minister:*

OCUA 75-6
Adjustments in Earnings Limitations Applied to Holders of Ontario Graduate Scholarships
That the current earnings limitations applied to holders of Ontario Graduate Scholarships be adjusted *mutatis mutandis* to reflect the current ceiling on remuneration to teaching assistants, an integrated scholarship stipend (75-4), and a higher level of global stipend (75-5).

J. S. Dupré
Chairman

June 21, 1975

The Genesis of the Process
The system-wide process of graduate program planning in which Ontario universities are currently engaged was launched in response to the report of the Commission to Study the Development of Graduate Programs in Ontario Universities (the Spinks Report), published in 1966. This report, itself the outcome of a joint initiative by the then Committee of Presidents of Universities of Ontario (now the Council of Ontario Universities) and the Committee on University Affairs, prompted the mutation of an earlier advisory committee into the Ontario Council on Graduate Studies. OCGS was charged with the task of advising COU "on the planning and development of an orderly pattern of graduate education and research ... (and on the) need to avoid unnecessary duplication of programs and facilities." The new body established forthwith an appraisals procedure to which all new graduate programs would henceforth be subjected. This procedure was placed under the aegis of an Appraisals Committee.

Also in the wake of the Spinks Report, impetus was given to inter-university consultation on graduate studies within individual disciplines and professions. The formation of discipline groups was actively encouraged, and in 1968 OCGS formed an Advisory Committee on Academic Planning to guide the development of these groups. This committee was greatly strengthened two years later by measures that virtually coincided with a governmentally imposed embargo on new graduate programs motivated by serious concern over the rapid rate of graduate expansion. ACAP was given the task of conducting planning assessments in the disciplines and was endowed with a full-time Executive Vice-Chairman. While it continued to report through OCGS on matters of general policy, ACAP acquired a direct relation to COU with respect to the results of assessments and consequent proposals for the orderly development of graduate work.

What originally had been a blanket government embargo on any new graduate program was soon modified into an embargo list of some twenty disciplines in which the danger of over-expansion was deemed to be most acute. In these disciplines, the effect of the embargo was to freeze the initiation of any

26

new programs save in designated emergent universities at the master's level. Such institutions were permitted new programs provided these formed part of an approved institutional five-year plan. The larger universities, beginning in 1972-73, were themselves subjected to a form of graduate planning at the institutional level when they were asked to submit three-year plans indicating any new graduate programs whose development might be in the offing.

Thus evolved the system-wide process of graduate planning that Council found in place at the time of its appointment in the autumn of 1974. The principal actors at the system level are the Ontario Council on Graduate Studies with its Appraisals Committee, and the Advisory Committee on Academic Planning with its dual relation to each of OCGS and COU.

In a nutshell, the working of the process involves, for an embargoed discipline, the completion of a discipline assessment by expert consultants selected by ACAP, and recommendations based thereon by ACAP and COU. The assessment and recommendations, assembled in a single document, are presented for Council's consideration with the request that "in view of the acceptance of the recommendations by COU and the completion of this planning assessment, the Ontario Council on University Affairs request the Minister to remove the embargo ... in accordance with the original announcement of the Minister that new graduate programs would be embargoed until, for each discipline, a planning study has been conducted."

As to the more selective aspect of system-wide graduate planning, the approval of new programs, the process requires that the relevant discipline be free of embargo either because none has been imposed or one has been lifted. A proposed new program must have received a favourable appraisal under the aegis of the Appraisals Committee and be in accordance with a university's three or five-year plan. In addition, for a new program in a previously embargoed discipline, the program must be in accord with the COU recommendations arising from the discipline assessment. Council, having been notified by COU that the relevant conditions have been met, can then recommend to the Minister that the program be funded.

A final aspect of the existing planning process involves an annual statement from COU with respect to its over-all monitoring of developments in the graduate area. The concept of a formal COU monitoring role emerged in 1973 in answer to the question of how the COU recommendations attached to assessments of embargoed disciplines could be enforced once the embargo was lifted. In practice, the monitoring concept is coming to encompass not only planning assessment recommendations but more generally any dimensions of graduate program planning designed to keep pace with changing patterns of academic needs and activities.

The Planning Process and the University Community

Given the ongoing process of graduate planning in operation at the time of its creation, Council accorded due priority to the task of educating itself on the subject. For the prime source of its education, Council had recourse to the vehicle provided by its spring hearings with the universities. By letter of the Chairman dated February 17, 1975, the executive head of each institution was notified that

> Council wishes to engage in a thorough discussion of the accomplishments and implications of ACAP, the relations between ACAP and discipline groups, the extent to which ACAP planning is primarily quantitative or qualitative, how your university has responded to specific COU recommendations respecting ACAP assessment thus far, the nature and success of present or envisaged monitoring processes, and the potential of rationalization methods that will ensure the viability in Ontario of high quality graduate programs and establishments under conditions of fiscal stringency.

Council's hearings yielded a wealth of information and views on the graduate planning process. There can be no doubt that, in the words of the University of Western Ontario, "discipline assessment was never considered a trivial activity to satiate a governmental edict; it has always been a serious effort to establish a high quality system without unnecessary redundancy." More broadly, the university community displayed a strong consensus to the effect that, as summarized by the University of Toronto, "the planning

27

process has served many useful purposes to date, most notably in leading Ontario universities to undertake important self-evaluation, in increasing the universities' movement toward inter-university cooperation and toward common high standards for graduate work in Ontario, in encouraging some division of labour, and in drawing attention to particular problems in specific disciplines."

This much said for an evident record of solid accomplishment, there are aspects of the graduate planning process that were roundly criticized. It is with regard to such aspects that Laurentian perhaps spoke for the university community when it stated that "we have been able to contain our enthusiasm for the activities of ACAP." The most widely shared criticism brought to Council's attention was directed toward the enormous amount of time and manpower consumed by the planning process. Just as the smallest Ontario university, Trent, stated that "we now question whether an indefinite continuation of the present approach will provide long-term gains commensurate with the very large expenditure of money, time and effort which this would entail," so did the largest, Toronto, observe that "the overall size and complexity of the present ACAP process, and the direct and indirect costs involved when placed against the outcome, have led a considerable number of disciplines to question the justification for this type of planning."

Given virtually unanimous agreement on the above, universities offered quite individual views on specifics. A substantial number linked the cumbersomeness of the planning process to its quantitative dimensions. The latter in turn might stem from what Carleton University cited as disproportionate emphasis on "the belief that the universities were in danger of producing too many graduate students in some disciplines." On the other hand, their continued existence could possibly be explained by the extent to which they are viewed as a substitute for hard decisions in a setting where, as noted by the Ontario Institute for Studies in Education, "the easiest avenues toward coordination tend to consist of often over-simplified quantitative measures."

Quantitative dimensions aside, the minute definition of fields associated with the planning of so-called specialised Ph.D. programs was cited in a number of instances as a source of administrative complexity. The same phenomenon was said to stifle interdisciplinary development in what Queen's University considered "a kind of inflexible orthodoxy." With respect to the five-year plans required of the smaller universities, the most common allegation of cumbersomeness related to the process of amending the plans, which in Lakehead's words required that "every time a new program is sought to be added to the five-year plan, the whole plan has to be re-examined and all the master's programs re-scrutinized."

Outside the realm of administrative cumbersomeness, it was widely noted that the discipline assessments varied in quality and in the emphasis which different teams of consultants had accorded to different parts of their terms of reference. A number of universities pointed to the existence of what were termed weak assessments but none ventured so far as to compile a list. The quality of the relationship between discipline groups and ACAP was likewise deemed variable, but in numerous instances there appears to be no doubt that the planning process has succeeded in what McMaster described as "synthesizing the particular viewpoints and interests of the universities and the discipline groups." As to the capacity of the planning process to induce inter-university co-operation, the University of Guelph cites the specific impetus given to a joint undertaking with the University of Waterloo by the chemistry discipline assessment. On the other side, however, Carleton notes that the "ACAP reports are monotonous in their recommendations for university co-operation," perhaps at the expense of "the more important question of intra-university strength or weakness."

The University community was generally silent on the appraisals portion of the planning process. This is perhaps explained by York University's observation that "an appraisals exercise is seen as an opportunity to benefit from advice or even admonition" whereas a discipline assessment "is seen as a possible threat to the very continuation of the programs concerned." In that the discipline assessments are yielding so-called "consequent appraisals" of individual programs, university

views of the unfolding appraisal exercise may be of considerable future interest.

Council has not sought in the preceding paragraphs to catalogue the many points advanced by the university community but rather to indicate the tenor of the education that its spring hearings occasioned. An evaluation of the criticisms expressed is beyond the present state of Council's knowledge, as are explanations for the extent to which certain practices, while cumbersome on their face, might be justifiable for the achievement of valid ends. Graduate program planning is an area of interface between government and universities, and Council submits the gist of its education in the spirit of encouraging what should be an iterative process. With respect to accomplishments thus far, Council is at one with the view succinctly expressed by the University of Windsor that "*in a difficult* and exacting obligation, the operations of ACAP have been carried forward in a positive way."

The Planning Process and the Public Interest

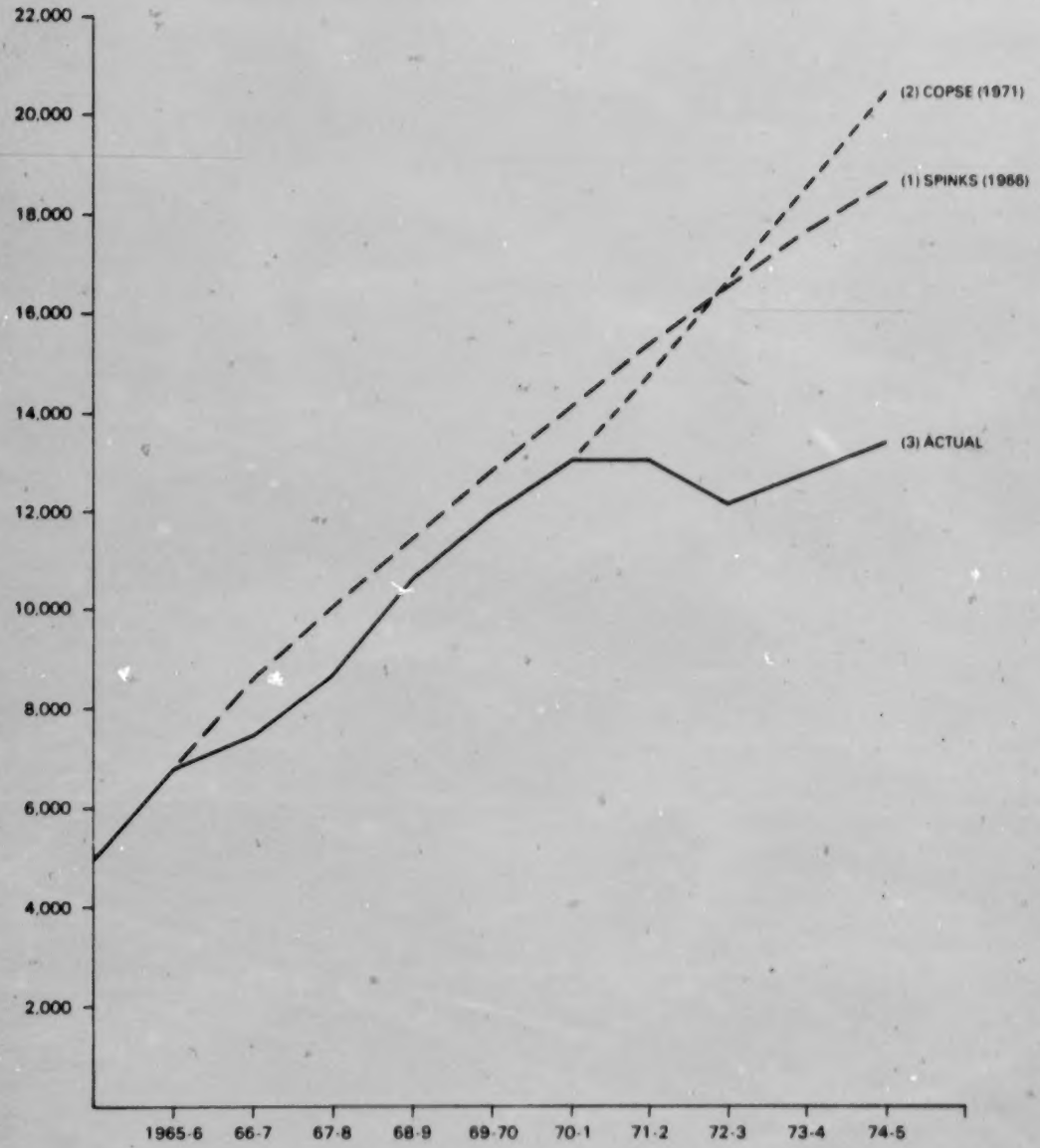
At this point in time, the process of graduate program planning has made positive contributions in an important area of interface between government and universities. The furtherance of this process in future causes Council to consider the rationale for government-university relations, which is grounded in considerations of the public interest. It was precisely "the transfer of the lion's share of university financing to the public exchequer, coupled with the rapid rise in the cost of graduate training" that caused the Spinks Report to see the orderly development of graduate work in the province as a matter of "pressing and immediate urgency" in 1966. In that year the most conservative forecast before the Spinks Commission indicated that the enrolment of full-time graduate students, then 6,874, would reach 18,640 in 1974-75. It was clear that considerations of the public interest dictated measures for the orderly accommodation of this enormous growth with full regard for fiscal responsibility and academic effectiveness.

Four years after the Spinks Report was published, full-time graduate enrolment had grown at almost the predicted rate. Furthermore, the most conservative forecast then before the ongoing Commission on Post-Secondary Education indicated an acceleration of the rate such that the enrolment of full-time graduate students would reach 20,330 in 1974-75. This picture is what prompted ministerial action in 1971 with respect to the imposition of embargoes. The continuing public interest in the orderly accommodation of growth made evident the need to control program proliferation.

As Council's account of the genesis of the current graduate planning process makes clear, the university community paid full heed to the public interest through a blend of anticipation and response. But the fact is that in 1970-71 as in 1966-67 the need for new departures was seen by both government and the universities in the *context of a continued* rate of rapid expansion in graduate student enrolment. What has developed instead is the very different enrolment picture traced on the accompanying chart. For a combination of social, economic and policy reasons, 1970-71 proved to be the last year of expansion in graduate student enrolment. By 1974-75, full-time enrolment, having been static or declining for three consecutive years, attained a level of 13,411, only marginally above the 13,061 reached in 1970-71.

In this setting graduate program planning geared to the orderly accommodation of rapid enrolment growth is no longer in line with reality. What considerations of the public interest might now impel a continuation of the planning process? In devising its answer to this question, Council has had occasion to reflect seriously on the financial portrait painted by universities in their briefs. This portrait is one of falling budgets, in real dollars, for library acquisitions. It depicts a scene of ongoing capital consumption through inability to make provisions for the maintenance or replacement of scientific equipment. It shows a horizon over which fixed faculty complements will very likely entail a reduction in the time devoted to graduate supervision as still rising enrolment at the undergraduate level, whether in professional or academic disciplines, makes its added claims on professorial resources.

Full-Time Graduate Enrolment in Ontario Universities



(1) Most conservative (Alternative C) forecast used in the Spinks Report, (1966), page 20.

(2) Most conservative (Dept. of University Affairs) forecast used in COPSE Study *Manpower Forecasting and Educational Policy* (1971), page 233.

(3) Actual enrolments reported by universities. Actual data for 1971-72 and beyond exclude full-time graduate enrolment at OISE, Wilfrid Laurier University, Regis College and Dominican College. Thus the data for the period 1971-72 through 1974-75 are comparable to the data for the historical period, 1965-66 through 1970-71. Enrolment data include graduate students who are ineligible for funding.

These doleful dimensions of the fiscal self-portrait sketched by universities are not new and have been in place since 1972. The passage of time is serving only to bring them into sharper focus. Furthermore, in that their effect is cumulative, they are not quickly erasable even by hoped-for improvements in annual funding. It is in the face of the realities they depict that considerations of the public interest in graduate program planning can be deduced.

The level of development achieved in graduate studies and research represents a substantial investment by the people of Ontario. It is in the protection of this investment that the public interest now needs to be served. The public interest requires a system of graduate program planning now as in the past, but adapted to a singularly changed environment.

"The basic question which nobody seems to dare raise is the following: is the existing enterprise in graduate studies in Ontario too large (either in spectrum of programs or in number of registered students) for the population or the economic capacity of the province?" In making this statement and hence daring to ask, the University of Ottawa echoed a concern whose shadow is discernible in the pages of the Green Paper submitted to Council by the COU Special Committee to Assess University Policies and Plans. Council has had many an occasion to ponder this concern in assessing the stake which the public interest has in the future of universities. The questions raised in Council's mind differ somewhat from that formulated by the University of Ottawa, but their spirit is identical.

Council begins by asking what the outcomes of a graduate planning process geared to current realities should be. In posing this question, Council is prompted by a stimulating passage in the brief submitted by the University of Waterloo. There the point is made that if the planning process is allowed to develop properly, the following outcomes will result. "Weak programs will be trimmed back or perhaps in some cases eliminated, potentially strong programs will be strengthened so that they can realize their full potential, and already strong programs will be maintained." Council has no quarrel with these outcomes. But are they fully in line with the fiscal problems that beset the universities?

Council considers the implications of maintaining the "already strong programs" in Ontario universities. These programs are indeed strong, and this by international standards. But maintaining what are already strong programs by international criteria is not a matter of standing still. Keeping pace with the world standard of scholarship involves, as in *Through the Looking Glass*, running as fast as one can just to stay in place. In this light and that of current fiscal problems, the further matter of strengthening potentially strong programs gives pause. How is this desirable outcome to be pursued in relation to the demanding task of maintaining the already strong programs? How can the planning process help to ensure that the latter are in fact maintained? And how can it assist *in* selecting precisely those potentially strong programs whose strengthening has a priority such as to make its achievement as important as maintaining what is already strong? Finally, and of considerable importance, how can the planning process further the identification and development of warranted new programs in the face of competing priorities?

The Planning Process and the Role of Council

The answers to Council's questions are such that they must be left to evolve over time. But the university community, ever anticipating as well as reacting to changes in its environment, has already advanced what could become an important element of the response. Council takes certain suggestions made by Queen's, Toronto and Western as indicating the desirability of province-wide reassessment of all disciplines at periodic intervals. Council warmly endorses this idea in principle, not least because of the manifest stake of the public interest in the qualitative standards which the investment of tax dollars has permitted the university system to achieve. Whatever the present or future dimension of fiscal problems, Council takes as an absolute the right and need of the public to know what is happening to these qualitative standards. The basic focus of a reassessment exercise should be quality—of faculty, of students, of library holdings, of equipment.

In a situation where the current process of discipline assessment has yet to be completed, it is plain that the launching of a reassessment exercise is some years away. But the university community might well consider the early announcement of a reassessment exercise in that the expectation of a comparative re-evaluation of qualitative standards can itself have a salutary effect on priority setting. Furthermore, acceptance in principle of reassessment can generate prior adjustments to the planning process in line with the qualitative orientation of this exercise. It can perhaps contribute to the selection of the terms of reference that must be given to the consultants who will be completing the current round of discipline assessments. It will also serve to emphasize the qualitative dimensions that should infuse all aspects of graduate program planning. Possibly too, reassessment will enable COU, OCGS and ACAP to re-examine their administration of graduate program planning. Some of the allegedly cumbersome features of the existing process may lose their purpose in a setting where reassessment is on the way. Finally, Council observes that the advent of a reassessment exercise might well induce a re-evaluation of the existing discipline assessments. Some of these are alleged to be weak. The scheduling of a reassessment process need not follow the order in which disciplines were originally assessed, and should cause the university community to come to grips with the task of identifying which discipline assessments were in fact weak.

Council advances the above suggestions in the spirit of a situation where the process of graduate program planning is an area of interface between universities and government. As to the primacy of the universities, both individually and collectively, in the planning process, Council has no doubt. With all respect to the lone university, Queen's, which advocated that Council assume the planning role now filled by the university collectivity, Council cannot now see itself in this role. Rather, Council aligns itself with the McMaster observation that "the very special and complex role of graduate education within the university can only be appreciated and shaped correctly by those who are completely familiar with that institution and its programs." These individuals are to be found in the university community, and can best perform their task under the aegis of its collective agents.

Council sees its proper role in the planning process as one that should go no further than according full respect to the government-university interface in graduate program planning. This means that Council's duty is to ensure that the advice it gives to the Minister and Government pertaining to the planning process is in line with considerations of the public interest in the orderly development of graduate work. These considerations are acquiring a new orientation in a changed environment. They dictate in particular that Council, in advising on graduate programs, do so with full regard for the portrait that universities sketch of their current financial situation.

Three practical points follow from the above. First, Council should take stock of the over-all graduate planning process on an annual basis. Second, it should take scrupulous care that in recommending new programs for funding it has been informed not only of their need and desirability but of their impact on the financial position of the university system. Third, Council should, in the spirit of an iterative planning process, make its recommendations to Government in the context of discursive advisory memoranda in which the public interest in the balance between fiscal resources and qualitative standards is articulated.

Council has initiated the pursuit of the third objective in this memorandum. As to the second, Council will in future advise on new graduate programs on only one fixed date each year. This will enable Council to have before it the entire range of proposed new programs at once, and facilitate its task in balancing fiscal realities and new initiatives. The pursuit of the first objective indicates that Council should consider new programs at one and the same time as it reviews the annual COU monitoring report, which in turn can make an added contribution of its own by placing planning developments within their general fiscal context. *Quite specifically, Council has in mind the fact that while new programs generate new funding, they do so within limited financial resources and therefore at the expense of the basic formula unit*

32

value that in turn affects other programs, the state of library acquisitions and the rate of capital consumption. Council makes this observation not to stifle new initiatives but simply to reinforce the extent to which the planning process must focus on priorities.

It follows that it would be desirable for future COU monitoring reports to assess the extent to which new programs can be differentiated between those that serve genuinely unfilled needs and those that simply respond, however desirably, to institutional or disciplinary ambitions. Council's education in the planning process is admittedly at the elementary level, but it cannot refrain from noting the dissatisfaction expressed by universities over the current distinction between general and specialized Ph.D. programs. While institutional dissatisfaction with this distinction appeared to be prompted mostly by the consequent administrative complexities, it was also linked to the more telling question of whether or not specialized Ph.D. programs amount to a consolation prize. If the latter is the case, specialized Ph.D. programs may in fact exemplify the kind of new programs whose initiation should be weighed against that of new programs that seek to fill genuinely unmet needs. The lifting of the embargo on physical education, kinesiology and related areas will bring to the fore a number of new programs that may fit the latter category.

In inviting COU to submit expanded monitoring reports and new program proposals in an annual package, Council reconfirms its satisfaction with the accomplishments of the planning process thus far. The capacity of the university community to anticipate as well as respond to a changed environment is a matter of record. Even as Council was receiving the views of the universities on the planning process, COU was realigning the relations among itself, OCGS and ACAP in a manner that could streamline and improve the planning process. Furthermore, in that this realignment encompasses closer liaison between assessment exercises and the work of the Appraisals Committee, it is directly in step with the considerations of the public interest that Council has outlined. Finally, Council notes with the greatest satisfaction that COU, in preparing for the discipline assessment covering the mathematical sciences, proposes to advise its member universities not to introduce new programs in these disciplines until the planning studies have been completed. This becomes a COU rather than a ministerially-imposed embargo, and gives further evidence of the maturity that the graduate planning process has achieved. In this self-imposed embargo, the university community has Council's full support.

Council now comes to the matter of existing embargoes on disciplines in which assessment studies have been completed. Holding in high regard the positive accomplishments of the graduate planning process, *Council recommends to the Minister:*

OCUA 75-7
Lifting of Embargoes on Disciplines in Which Planning Studies Have Been completed
That the embargoes on the following disciplines be removed on the understanding that continued monitoring of the recommendations in the respective planning studies be the responsibility of COU:

Physical Education, Kinesiology and Related Areas

Chemical Engineering

Electrical Engineering

Metallurgical and Materials Engineering

Mechanical Engineering

Industrial Engineering and Systems Design

Religious Studies

Planning and Environmental Studies

Physics and Astronomy

History

75-V Graduate Program Planning and Formula Revision

Having made the above recommendation, Council observes that, with respect to new programs that may be forthcoming under the title of Physical Education, Kinesiology and Related Areas, it may be necessary to take steps to ensure that any legitimate interests of other government agencies will be taken into account.

New program approvals will in future be considered by Council in the context outlined earlier in this memorandum. In accordance with previous practice, a number of approval requests have been submitted to Council over the last several months. Council has in each instance satisfied itself that the program is in an unembargoed discipline, has been appraised, and is in accordance with its university's three or five year plan. Accordingly, *Council recommends to the Minister:*

OCUA 75-8
Funding of New Graduate Programs
That the following programs be deemed eligible for formula support:

Program	*Level*	*University*
Art Conservation	M.A.	Queen's
Biology	M.Sc.	Lakehead
Counselling	M.Ed.	Queen's
Environmental Geology	Ph.D.	Waterloo
Geography	Ph.D.	Queen's
Political Science	M.A.	Wilfrid Laurier
Sociology	M.A.	Lakehead
Sociology	M.A.	Queen's

Council notes that each of the above programs has an established BIU weight with the exception of the M.A. in Art Conservation at Queen's. Council asks that the selection of an appropriate weight for this program be subject to discussion between Ministry and University officials before it advises on the question.

J. S. Dupré
Chairman
June 21, 1975

In Advisory Memorandum 75-II, Council stated that it wished "to ensure that it will be able to weigh the advisability of a 1976-77 operating grant system less sensitive to enrolment changes than the present formula in good faith with all involved." So as to "ensure that individual universities make their admission decisions with the knowledge that a formula less sensitive to changes in enrolment is a genuine possibility for 1976-77," Council recommended to the Minister of Colleges and Universities that he make an early announcement to this effect. The Minister accepted Council's recommendation, and duly made the requested announcement by letter of May 16, 1975 to the executive heads of the fifteen provincially-assisted universities of Ontario, to the Acting President of Ryerson Polytechnical Institute and to the Director of the Ontario Institute for Studies in Education.

By the conclusion of its spring hearings in June, Council had received a variety of views from the university community with respect to formula revision. Also in that month, Council issued Advisory Memorandum 75-IV, its first official statement on graduate program planning. Council has since engaged itself in formulating advice on funding levels for 1976-77, in discussing possible formula changes for that year, and in pondering the longer run future of the Ontario university system. The topics currently on Council's agenda have multiple implications that will find their way into subsequent advisory memoranda and reports, both during the current year and later.

Council's reflections on the university system are now more advanced in the area of graduate work than in others, not least because the need to produce Advisory Memorandum 75-IV assigned a place of priority to graduate program planning on Council's spring agenda. In this setting Council's views on the development of graduate work became readily folded into subsequent discussion of formula revision and the longer run future of the university system.

Council has now concluded that both concerns indicate a clear need to suspend the existing formula with respect to graduate work in 1976-77, and to maintain this suspension for a period of at least two and possibly three

years, during which the entire basis for funding graduate work can be searchingly re-examined. The suspension which Council espouses would totally divorce Government funding of graduate work in each university from enrolment fluctuations, be they upward or downward. Each institution would in effect receive a "graduate studies grant" geared to inflation rather than student numbers. Council retains under advisement the precise mechanism whereby this grant might be calculated in 1976-77, and briefly discusses two alternatives at the end of this memorandum.

Council's espousal of a two or three year suspension of the formula with respect to graduate studies stems from a number of inter-related considerations. First, Council adopts as its own the concern expressed by the Commission on Postsecondary Education in Ontario that the long run future of universities, be they large or small, is not necessarily best served by a formula arrangement that associates both teaching and research costs with numbers of graduate students. Second, Council, as it made evident in Advisory Memorandum 75-IV, is abundantly aware of the need to ensure that the development of new graduate programs not take place at the expense of the financial viability of the university system as a whole. Third, in that this need indicates a rationing in the distribution of existing programs to permit new program development, Council wishes to ensure that whatever steering effects in the present formula encourage program proliferation be neutralized. Fourth, Council deems it highly desirable to foster an atmosphere at the level of Presidents and Boards of Governors in which the forward planning of graduate work within individual institutions can be freed from short-run revenue considerations. Fifth and finally, Council wishes to foster an atmosphere in which planning can proceed at the system-wide level in like freedom from such considerations.

The above, rather than a concern over either enrolment growth, which is currently moderate, or short-term economies to the Government, which will be marginal, are what have brought Council to advocate a suspension of the formula with respect to the funding of graduate work at this time. Council accordingly *recommends to the Minister:*

OCUA 75-9
Suspension of the Formula With Respect to the Funding of Graduate Work
That the present formula be suspended with respect to the funding of graduate work in 1976-77 and 1977-78 in favor of grants to institutions that will be totally insensitive to changes in enrolment levels.

As to the content of what is deemed to be "graduate study", Council appends to this memorandum sections 12 and 6 of the *Operating Formula Manual*. These sections indicate that this term embraces all study requiring an honours undergraduate degree or its equivalent as a prerequisite for admission save for baccalaureate programs in social work, library science, law, medicine, (including interns and residents), and teacher education. Council keeps under advisement the question of whether enrolment insensitivity in the funding of graduate study should be extended to 1978-79 or beyond so that it can duly weigh developments in planning and decision-making as they emerge.

Council also keeps under advisement the more immediate question of the mechanism whereby funds for the support of graduate study could be most equitably distributed in 1976-77. One possible approach is simply to consider the 1975-76 graduate income of each institution as its base grant, and to escalate this amount for inflation. This approach, given slip year, would produce a distribution of funds that is geared to 1974-75 enrolment. While Council deems Advisory Memorandum 75-II as constituting due notice of such a possibility, it is seriously considering an alternative that would respect the 1975-76 distribution of enrolment, including enrolment in new programs recently approved as eligible for funding. Under this alternative the base for the 1976-77 graduate studies grant would remain the system-wide income for 1975-76, but the derived amount would be distributed in a manner that reflected institutional enrolment in 1975-76 rather than 1974-75. In that Council wishes to accord serious consideration to this alternative, it urges the Council of Ontario Universities to submit by mid-December for this Council's judgement any anomalies arising from new graduate programs that had successfully completed all prerequisite steps

Appendix to Advisory Memorandum 75-V

to funding approval at the time the Minister accepted Council's Advisory Memorandum 75-IV on July 22, 1975. Funding approval of these programs would not alter the size of the global graduate studies grant but would permit its distribution to reflect the 1975-76 enrolment in these programs.

More generally, Council wishes to exhort the Council of Ontario Universities to maintain and enhance its role in graduate program planning in the spirit of Advisory Memorandum 75-IV. The COU processes of assessment, appraisal and three-year institutional plans must remain in place, and Council will be prepared to assist in the enforcement of these processes by recommending appropriate penalties in the doubtless unlikely event that the need should arise. For the rest, Council's request in Advisory Memorandum 75-IV that COU submit expanded monitoring reports and new program proposals in an annual package acquires redoubled significance. In a setting where graduate funding is divorced from enrolment levels for a minimum period of two years, Council's interest not only in new program development, but in the possible reduction of established programs that can be considered without immediate revenue loss, will be absolute. The observed effects over time of Council's recommendation on graduate funding in 1976-77 and 1977-78 will be a key to the longer run future of graduate program planning and formula financing in Ontario. In that Council intends to comment on these effects in the course of its successive annual reviews of graduate program planning, Council will be able to communicate clear signals on what it deems advisable in the longer run. Thus for example, it will be possible for Council to touch meaningfully on such specific matters as the future funding eligibility of specialized as opposed to general Ph.D. programs, the feasibility of direct research funding unrelated to numbers of graduate students, and the need for more adequate provincial recognition of the indirect costs associated with research.

J. S. Dupré
Chairman

October 17, 1975

Formula Criteria for Determining Graduate Student Status

To count as a graduate student for purposes of calculating formula operating grants, a student must:

(i) be engaged in studies requiring an honours undergraduate degree or its equivalent as a prerequisite for admission (the honours degree admission requirement does not apply, however, to students enrolled in category 5 graduate programs). Students holding an undergraduate general degree or its equivalent and enrolled in programs listed under categories 6, 7 and 8, should be identified as "qualifying year" or "make-up" students and reported as undergraduates.

(ii) *not* be enrolled in a baccalaureate program in any of the following professional fields: social work, library science, law, medicine, teacher education. Even though such a student possesses an honours undergraduate degree, he is not considered to be a graduate student.

(iii) be making substantial demands upon the resources of the university in which he is registered.

(iv) not be ineligible for any of the reasons outlined in the previous section headed "Students not eligible for formula support".

Table of Categories for Determining Basic Income Units

UNDERGRADUATE, DIPLOMA AND FIRST DEGREE	
CATEGORY 1	WEIGHT 1
All General Arts	
All General Science	
All Pre-Medicine	
All Pre-Business Administration	
All Pre-Commerce	
All Journalism	
All Secretarial Science	
All Social Work	
First-Year Honours Arts and Science	
All Undergraduate Diploma Courses, other than those specifically listed	

36

CATEGORY 2 — WEIGHT 1.5

Upper Years Honours Arts (including "make-up" year and "four-year major" programs)
All Commerce
All Physical Education
All Law
All Library Science (including "make-up" year)
All Fine and Applied Arts
All Physical and Occupational Therapy — both degree and diploma
Art as Applied to Medicine

CATEGORY 3 — WEIGHT 2

Upper Years Honours Science (including "make-up" year and "four-year major" programs)
All Nursing
All Engineering
All Food and Household Sciences
All Pharmacy
All Architecture
All Forestry
All Agriculture
All Hygiene and Public Health
All Music — both degree and diploma
All Education — both elementary and secondary
Dental Hygiene — diploma course
Public Health Nursing — diploma course

CATEGORY 4 — WEIGHT 5

All Medicine
All Dentistry
All Veterinary Medicine
Miscellaneous Undergraduate Programs which do not fall into the above categories:

Approved Preliminary Year Programs	0.7
Medical Interns and Residents	2.5
Optometry (Years 2 - 5)	3.0
Technology (Lakehead University)	1.2
All undergraduate programs in the Faculty of Arts and Science at the University of Toronto, Scarborough College and Erindale College	1.24

GRADUATE

CATEGORY 5 — WEIGHT 2

Master's Level (and First-Year Ph.D. direct from Baccalaureate):
Commerce and Business Administration
Social Work
Hospital Administration
Public Administration
Journalism

CATEGORY 6 — WEIGHT 3

Master's Level (and First-Year Ph.D. direct from Baccalaureate):
Humanities
Education (formula weights as they apply to the Ontario Institute for Studies in Education and the University of Ottawa are described in detail in another section)
Social Sciences
Mathematics
Law
Fine and Applied Arts
Library Science (other than "make-up" year)
Physical and Health Education
Physical and Occupational Therapy
M. Phil.
Other Graduates (including all specialist graduate diploma courses)

CATEGORY 7 — WEIGHT 4

Master's Level (and First-Year Ph.D. direct from Baccalaureate):
Psychology
Geography
Engineering
Science
Medicine
Agriculture
Forestry
Food and Household Science
Hygiene and Public Health
Music
Nursing
Pharmacy
Child Study
Dentistry
Veterinary Medicine
Urban and Regional Planning

CATEGORY 8 — WEIGHT 8

All Ph.D. (except First-Year Ph.D. direct from Baccalaureate)

37

75-VI Government Support for the University System in 1976-77

Operating Grants: Inflation, Accessibility and the University System

In this Memorandum, Council sets forth its advice on Government Support for the Ontario university system in 1976-77. Council's advice is outlined under two master headings, operating grants and capital assistance.

The Ontario University System Under Stress

The Ontario university system is in trouble. It is beset by two socio-economic circumstances over which it has little if any control. The first, inflation, poses a challenge whose severity is no less acute for universities than for governments, industries and individuals. In responding to this challenge, universities now find themselves embraced like other segments of society by the comprehensive guidelines of the recently announced anti-inflation program of the Government of Canada.

The second circumstance besetting the university system, a demand boom for its services, finds it in considerably more select company than the first. The demand boom is in the form of accelerating enrolment growth born of the age structure and choice patterns of the Canadian population, and of expectations nurtured by an acknowledged *Government* policy of ensuring ready accessibility to the university system.

A demand boom, however desirable its underlying policy of accessibility, and inflation, however undesirable its magnitude, are stark facts of life for the university system. The pressures generated by inflation are optimistically of a short term nature; those that stem from a policy of ready accessibility, if current choice patterns prevail, cannot be expected to ease until the Canadian population acquires a different age structure in the mid-nineteen eighties. In Council's view, a fundamental question before the Government and people of Ontario is whether universities will be allowed to weather the dual circumstances of price inflation and increasing demand. These are the forces that currently place the universities under stress.

In considering these forces and the evident stress they entail, it is well to emphasize a genuine constraint. This is that whatever may constitute an appropriate level of Government support in 1976-77 cannot be divorced from the existing structure and processes of the university system. To attempt such a divorce, to posit the existence all at once of a university system somehow different from the one that has been clearly stamped by the policy and direction of the Government of Ontario since the early nineteen sixties, is to fly in the face of reality.

In the longer run, the stress under which the university system now labors may well require profound change in both processes and structure. The possible dimensions of such change and their implications for the fundamental values that universities serve are questions to which Council is currently addressing itself and concerning which it proposes to make its own contribution in its Second Annual Report.

Council fully accepts its responsibility to advise on the long as well as the short-run health of the university system. Longer run considerations have already induced Council to espouse definite views in the realm of graduate program planning and indeed to recommend that Government funding of graduate study be insensitized to enrolment levels. Other than for such preliminary steps, however, Council and, for that matter, Government, have no choice but to face the issue of a level of support in 1976-77 that posits the existence of the university system in its present structure and processes. It is this system, not an imaginary one, that is currently beset by the twin forces of inflation and enrolment growth.

Council's view is that these forces lend a special significance to the obligations of both Government and the university system. Under economic circumstances that are trying for all segments of society, the university system has an unambiguous obligation to take extraordinary efficiency measures. Government, for its part, has the obligation to shoulder its own responsibility for financial support that recognizes both inflation and the special priority claims of a service whose demand boom itself reflects a long-established policy of the Government's own making. The respective obligations of Government and the university system comprise a delicate balance rendered all the more precarious by the force of current circumstances. For either Government or the university system to be less than scrupulous in meeting its obligations is to invite chaos.

The above considerations weigh heavily on Council as it proceeds for the first time to render funding advice that is fully in step with the timing of Government's own budgetary decision-making process. In approaching this task, Council has drawn a degree of sustenance from an initial funding exercise that it undertook during the winter of 1975 in the wake of the Government spending announcement for 1975-76. At that time, Council took strictly as given the funding objectives that Government had enunciated for 1975-76 and estimated their cost. Council justified this step in Advisory Memorandum 74-IV. The sustenance which Council now draws is based on a retrospective examination of its methodology outlined in Appendix A of the present memorandum. This Appendix, entitled *Government Objectives in 1975-76*, takes account of new knowledge that the passage of time has made available with respect to university accounts and to economic and enrolment trends. Council is content to divulge the results and to leave to others the question of whether or not the exercise it undertook in the winter of 1975 warrants a passing mark. The results, for what they are worth, persist in indicating that the funding level accorded by Government to the university system in 1975-76 fell below the cost of the Government's funding objectives.

The task of costing a Government's funding objectives in any given year is important, but just as significant is the financial state of the university system whether or not the Government is meeting the cost of its enunciated funding objectives. This is because, in an autonomous university system, institutions retain a fiscal behavior pattern of their own. Among other things, this pattern can entail objectives whose nature may or may not coincide with those enunciated by Government in funding the system. That possibility has led Council to probe the current fiscal state of the university system with the aid of observations gleaned from its retrospective analysis of the exercise undertaken in Advisory Memorandum 74-IV.

The outcome is discussed in Appendix B to the present memorandum, entitled *The State of the University System*. At the budgetary level, the examination outlined in this Appendix indicates an evident tendency, under fiscal pressure, for universities to budget expenditures extremely tightly. More significant yet is the evidence that 1975-76 budgeted expenditures are partly financed by deficits and reveal a situation where universities have pursued an objective of equitable salary set-

39

tlements at the expense of maintaining existing levels of service. In particular, budgeted expenditures in the non-salary area lend a concrete dimension to the pressing problem that Council's hearings with universities have emphatically brought to its attention: deteriorating library budgets, deficient plant maintenance, non-replacement of obsolete furniture and equipment—in brief, a state of capital consumption.

The above constitute telling symptoms of a university system under stress. It is in this further unhappy light that Council must proceed to develop what might constitute reasonable Government funding objectives for 1976-77.

Basic Funding Objectives for 1976-77

The logical starting point in developing possible Government objectives in funding the university system for 1976-77 appears to Council to be the objectives enunciated for 1975-76. These objectives were devised by Government before Council had developed an advisory capacity and were enunciated in the Government's own words. They were "to offset inflationary trends, to maintain or improve existing levels of service and to accommodate predicted enrolment increases." The three objectives are straightforward and readily understood. They offer the further advantage that their cost can be estimated. Council views this advantage as one of singular importance in that it enhances the quality of the information on which Government bases its funding decisions and provides the university system with a means of understanding the fairness and adequacy of those decisions.

In developing its advice for 1976-77, Council believes that it could not improve upon the formulation of the first 1975-76 objective, namely "to offset inflationary trends." The importance of this objective is heavily underlined by Government's commitment that tuition fees are once again to remain unchanged in 1976-77. The result leaves universities entirely at the mercy of their funding Government. Accordingly, an adequate offset to inflationary trends appears to Council to be an essential, indeed the most essential funding objective that Government could adopt.

The Government's second objective in funding the university system for 1975-76, "to maintain or improve existing levels of service," was taken by Council in Advisory Memorandum 74-IV to mean the following: "the objective takes dead aim on maintaining existing service levels and, if there is any error at the margin, that error should be in the direction of improvement." As conservatively interpreted by Council, the wording of the objective basically leaves the matter of an improvement in service levels to the universities' own devices. This is surely not unreasonable in a setting where universities, like other segments of society, must grapple with the unhappy economic realities of the moment.

Council has considered at length whether the starkness of these realities is not such as to warrant yet additional emphasis. In a Government funding objective, the words "to maintain or improve" hold out the hope, however slim, that the support level accorded to the university system may be sufficient to permit improvements that are not solely the result of painful stock-taking within universities themselves. Furthermore, these words create the impression that the margin of error in Government funding will indeed lie in the direction of improvement. In the wake of Council's assessment of the state of the university system in 1975-76, there appears to be no basis from which to foster such expectations. In deference to reality, Council concludes that present circumstances warrant a Government funding objective for the university system in 1976-77 that is enunciated simply as follows: "to maintain existing levels of service."

The Government's final 1975-76 funding objective, "to accommodate predicted enrolment increases," can be taken as its *bona fide* to the people of Ontario that the university system would be permitted to continue to honour the claims of the Government's longstanding policy whereby that system is intended to be readily accessible. Viewing this objective as a matter of Government credibility, Council feels bound to advise that it be respected in 1976-77. Council believes, however, that the wording of the objective can be clarified so as to convey more exactly the content of Government's accessibility policy. Given the imposition of embargoes in 1970, this policy has not been one of unrestricted accessibility to graduate programs. Nor, given manpower planning in the field of

40

health or the general capital moratorium of 1972, has this policy been one of granting open access to professional or specialized programs. What conveys to Council the pith and substance of Government's accessibility policy is a clear intention to sustain accessibility at the undergraduate level, not necessarily in the program or university of the candidate's own choosing, but in some undergraduate program, somewhere in the system. As Government's *bona fide* that this policy will be honoured in 1976-77, the appropriate wording is "to accommodate predicted enrolment increases at the undergraduate level."

In the Introduction to its *First Annual Report*, Council observed that the funding objectives enunciated by Government for 1975-76 were "indeed worthy and warrant serious long-term pursuit if Ontario's major investment in higher education is to be protected." The development of yet other funding objectives will be necessary to protect that investment and indeed to permit it to flourish. But given the currently stringent state of the economy, Council deems it sufficient for Government to adopt as basic funding objectives for 1976-77 a threefold formulation which departs from the enunciation of a year ago only in clarifying the severity of the constraints under which both Government and the university system labour at the present time. The envisaged funding objectives are basic in every sense of the word. They are minimal; they are understandable; their cost is estimable. Council accordingly *recommends to the Minister and the Lieutenant Governor in Council:*

OCUA 75-10
Basic Government Objectives in Funding the Operation of the University System in 1976-77
That the Government adopt and enunciate the following as its basic objectives in funding the operation of the university system in 1976-77: "to offset inflationary trends, to maintain existing levels of service and to accommodate predicted enrolment increases at the undergraduate level."

A Supplementary Funding Objective for 1976-77

The basic funding objectives recommended for 1976-77 do indeed underline the constraints under which both Government and the university system must operate for the present. The question that arises from Council's intensive experience in probing the university system during the last year is whether these basic objectives take sufficient account of the current state of the university system. A set of funding objectives for any given year should not ignore conditions wrought by the immediate past. In that basic objectives have been recommended with respect to a university system, the state of the system to whose sustenance they apply is a matter of concern.

The sum total of Council's analyses, hearings and discussions during the last year does not amount to a firm, documented and quantified verdict on the current state of the university system. But what Council deems most significant is that the thrust of all the evidence, however impressionistic or fragmentary some of its components may be, points to a system that is, in the opening words of this memorandum, "in trouble." First, there is a widespread appearance of deficits in financing the expenditure level budgeted by universities for 1975-76. Second, there is continuing evidence, for what it is worth, that Government funding of the university system in that year failed to meet the cost of the Government's own objectives. Third, it seems clear that inflationary pressures, decidedly accentuated by the magnitude of salary settlements in the public sector, forced universities in 1975-76 to engage in capital consumption as a means of financing compensation levels. Meantime, faculty and staff morale offered no sign of improvement as a result of the compensation levels that were attained. Indeed, what has come to the fore is the more acute question of the satisfactory nature of employment conditions generally. This question may be provoked in part by deterioration in the working environment occasioned by the degree of capital consumption which financed the compensation levels attained. More generally it may be aggravated by an overall atmosphere of fiscal instability of which capital consumption is an important symptom.

Council's conclusion is that the university system to which basic funding objectives will apply in 1976-77 is in a fiscal state that is

41

sufficiently precarious to warrant special recognition by Government. A supplementary funding objective should accordingly be adopted in support of the basic objectives that Government wishes to pursue. Council therefore *recommends to the Minister and the Lieutenant Governor in Council:*

OCUA 75-11
Supplementary Government Objective in Funding the Operation of the University System in 1976-77
That the Government adopt and enunciate the following objective in support of its basic objectives in funding the operation of the university system in 1976-77: "to recognize the need for financial viability in the university system."

Costing the Basic Funding Objectives Recommended for 1976-77

The approach which Council took in costing Government's funding objectives for 1975-76 is summarized in Appendix A of this memorandum and was outlined in detail in Advisory Memorandum 74-IV. In costing the basic objectives it has recommended to Government for 1976-77, Council has retained the spirit of its original approach while making a number of important modifications. These modifications have been adopted both in the light of Council's additional experience and in the wake of the changed environment generated by the anti-inflation program of the Government of Canada. They receive particular attention in Council's presentation of its 1976-77 costing exercise.

The components of this exercise are displayed in the seven columns of Table I. This Table incorporates the same threefold division of university outlays featured in Advisory Memorandum 74-IV, namely salaries, fringe benefits and non-salary expenditures.

Column 1: The 1975-76 Base

The starting point is the 1975-76 base to which Council's cost calculations are applied. The figures in Column 1 are the end product of a careful staff analysis of the 1975-76 Committee of Finance Officers of the Universities of Ontario preliminary budget submissions, augmented by budgeted expenditures reported directly to Council by Ryerson, the

Table I

The Cost of the Basic Funding Objectives Recommended for 1976-77: Provincially Assisted Universities, Ryerson and OISE ($ millions)

	1	2	3	4	5	6	7
	1975-76	Inflationary Trend Cost 1976-77	Existing Service Level Cost 1976-77	Efficiency Factor (Negative)	Predicted Enrolment Costs 1976-77	Excess Capacity Factor (Negative)	Cost Of Basic Objectives 1976-77
Salaries[1]	534.0	46.0	10.5	- 8.1	22.4	-11.2	593.6
Fringe Benefits	52.2	4.2	1.1	- 0.9	2.4	- 1.2	57.8
Non-Salary	151.8	10.6	4.1	- 2.5	7.0	- 3.5	167.5
TOTAL	738.0	60.8	15.7	-11.5	31.8	-15.9	818.9

(1) The academic portion of salary costs is adjusted to recognize the two-month discrepancy between the university fiscal year (May-April) and the common university appointment year (July-June). A similar adjustment is not made for support staff salaries because the effective dates of salary adjustments for such staff vary widely among different employee groups and different institutions.

Ontario Institute for Studies in Education and the church-related colleges for programs other than theology. The incorporation of church-related colleges into Council's base is a refinement of its original exercise and has been accomplished with close attention to the need to avoid any double counting between the budgeted expenditures of these colleges and those of the universities with which they are affiliated. Council has considered whether a special downward adjustment to its 1975-76 base might be warranted because of the alleged tendency for actual university expenditures to drop below the budgeted level in the course of the fiscal year. An analysis of the fiscal-year behavior of university accounts presented in Appendix B of this memorandum has led Council to conclude that such an adjustment is unwarranted. This analysis indicates that university expenditures may at present be remarkably resistant to reduction in the course of the fiscal year, and that the more likely source of fiscal-year change is to be found in the revenue portion of university accounts.

Column 2: Inflationary Trend Costs

It is in costing its recommended objective "to offset inflationary trends" that Council has had to weigh most seriously the environmental change created by the anti-inflationary program of the Government of Canada. The avowed aim of this program is precisely to bring current inflationary trends under control. In costing its inflationary trend objective, Council considered the option of adhering to the course it followed in Advisory Memorandum 74-IV. This is to cost the objective with reference to whatever existing trends can be discerned from a careful examination of well known and widely accepted economic indicators.

Council's view of its role as an advisory body vested with a responsibility for the public interest has caused it to reject this option. The anti-inflationary program of the Government of Canada asserts the control of inflation as the over-riding goal for the nation as a whole. This goal clearly will not be served if an objective of offsetting inflationary trends is costed with reference to the very trends that the nation seeks to control. Therefore, Council has chosen to calculate the cost of offsetting inflationary trends for 1976-77 by referring to the targets that the anti-inflationary program seeks to achieve rather than to current economic indicators. Council takes the "basic protection factors" of the federal compensation guidelines as indicative of these targets. Since the overwhelming majority of university salary settlements for the fiscal year 1976-77 will fall within a period in which the basic protection factor allows cost of living increases of 8 per cent, Council has applied this percentage in calculating the cost of offsetting inflationary trends with respect to salaries and fringe benefits.

Non-salary items offer a slightly different situation in that increased costs attributable to inflation are relatively evenly distributed throughout the fiscal year. Council again has recourse to the federal "basic protection factors" as its proxy for rising prices, but notes that the university fiscal year of 1976-77 embraces a time span that falls partly under a factor of 8 per cent, and partly under one of 6 per cent. Council has accordingly calculated the cost of offsetting inflationary trends in the non-salary area by applying a factor of 7 per cent.

Column 3: Existing Service Level Costs

In calculating the cost of its recommended objective "to maintain existing levels of service," Council has departed only marginally from the exercise it undertook in Advisory Memorandum 74-IV. In that memorandum, Council associated the maintenance of service levels with two major sources of real costs in the university system. These were progression through the ranks or toward the job rate in the salary area, and allowance for furniture and equipment replacement in the non-salary area. Provision was made for each at a level of 2.5 per cent. For the purpose of the present exercise, Council has again applied the cost factor of 2.5 per cent in the non-salary area.

The question of whether the same percentage is an appropriate proxy for the net cost of salary progression occasioned comment and discussion in the course of Council's spring hearings, and staff study during the summer months. The resulting evidence supports a percentage of 2.5 in a context where the margin of error, pursuant to Coun-

cil's interpretation of the Government's 1975-76 objective "to maintain or improve existing levels of service," lies if anywhere in the direction of improvement. In the context of a recommended objective which would seek in 1976-77 "to maintain existing levels of service," Council accepts the consequence that the allowable margin of error can lie in either direction. This has led Council, after reviewing the evidence yielded by its hearings and studies, to select 2 per cent as the most likely proxy for the net cost of progress through the ranks or toward the job rate in 1976-77.

Before actually applying this percentage to its calculation of the cost of the basic funding objectives recommended to Government for 1976-77, Council considered at length a distinct uncertainty that has emerged from the early public discussions of the federal anti-inflation guidelines. This involves the question of whether or not these guidelines encompass compensation for salary steps or merit or promotion within established classification schemes. Council has no reason to believe that the resolution of this question will be easy and automatic. Thus, for example, the inclusion of salary steps within the guidelines coupled with the exclusion of promotion could prompt the refined question of the extent to which "merit" is a proxy for steps or promotion. Furthermore, and of major importance, even a once-and-for all resolution of what the guidelines encompass with respect to career advancement would not resolve other questions that the anti-inflation guidelines provoke. Thus, for instance, there is the basic question of what effect the compensation history of any given group of employees may have on the maximum percentage increase to which it is entitled.

The end result of Council's discussion of what are in fact a host of uncertainties has been to have recourse to basic principle. Council's duty is to recommend to Government an appropriate level of funding for the university system in 1976-77 and Government's role in turn is to decide on that level of funding. It is in the public interest that the advice and decision respect the over-riding national goal encompassed by the federal anti-inflation guidelines while making adequate provision for university needs under these guidelines. It is also in the public interest that the advice and decision should seek a ground of clarity rather than wallow in a sea of uncertainty.

Accordingly, Council notes that in calculating the cost of offsetting inflationary trends it applied the 8 per cent basic protection factor as its proxy for inflation without regard to the uncertainties that stem from what the guidelines permit either for national productivity gains or a particular employee group's compensation history. In calculating the cost of maintaining levels of service, the consistent approach is to allow 2 per cent for the net cost of career progression without regard to uncertainties about steps, merit or promotion. The funding objectives and the percentages are clear. Council's judgement is that they contribute to an increase in university revenue that is likely to enable the recipient institutions to live within the guidelines as eventually interpreted.

Column 4: Efficiency Factor

The crudest part of the initial costing exercise undertaken by Council in Advisory Memorandum 74-IV was its application of a 2.4 per cent discount to the cost of meeting the Government's objectives. This number was picked with reference to the target set by the Economic Council of Canada as the desirable level of annual productivity gains for the economy as a whole. That target has been anything but achieved in the performance of a national economy whose recent record is one of near-zero productivity gains. A more significant shortcoming is that the same target is acknowledged by experts as lying beyond the reach of service "industries" like governments and universities. Council chose to impose this measure of "productivity gain" on the university system because, in its own judgement at the time, extraordinary deference should be accorded to "Government's repeated exhortation that universities deploy their resources more effectively and efficiently."

Government's "repeated exhortation" has lost none of its strength and its legitimacy is, if anything, accentuated under prevailing economic circumstances. Not least for this reason, Council has given considerable thought to clarifying the expectations that can legitimately be harbored by Government and the public with respect to the capacity of

the university system to deploy its resources effectively and efficiently. It appears to Council that these expectations can acquire clearer focus if a distinction is drawn between "productivity gains" that should lie within the reach of all institutions, including those in steady state, and those that can be realized to the extent that enrolment increases materialize in those parts of the university system in which excess capacity still exists. Council chooses to link the first type of gain to what it will call an "efficiency factor."

The development of Council's thinking with respect to its efficiency factor drew considerable impetus from its spring hearing with the University of Western Ontario. The financial presentation in that University's brief made the following observation: "The national average increase in productivity of 2.4 per cent suggested by the Economic Council of Canada would appear to be too high for a labour-intensive service institution. However, some increase in productivity should be expected and we have used a 1 per cent factor for this purpose." With this significant observation, the University of Western Ontario joined Council in attributing a quantified legitimacy to expectations that universities can indeed deploy their resources more effectively. An additional point, not lost on Council, is that Western is a university whose enrolment is approaching steady state.

Council's system-wide estimates of the costs of offsetting inflationary trends and maintaining levels of service make no allowance for enrolment increases and are accordingly representative of steady state costs. They therefore constitute the base to which Council's efficiency factor discount is applicable. Council has no reason to question the general validity of the 1 per cent level suggested by the University of Western Ontario. But given the clear economic priorities that have crystallized since its spring hearings, Council has chosen for 1976-77 to apply its efficiency factor at a level of 1.5 per cent.

Column 5: Predicted Enrolment Costs

As Council observed in Advisory Memorandum 74-IV, the main ambiguity that surrounds an objective of accommodating predicted enrolment increases lies in the reliability of the enrolment prediction, whether made by Government or the universities. In Appendix A of the present memorandum, Council's retrospective analysis of its initial funding exercise indicates that even the prediction of 4.3 per cent enrolment growth made for 1975-76 by the Ministry of Colleges and Universities was overly conservative. Council's own prediction of 3 per cent, to say nothing of the universities' 1.6 per cent, was a considerable underestimate.

Council's present exercise is complicated by the fact that it takes place at an earlier time of the academic year than its initial foray. Thus no prediction has the benefit of being based on a final 1975-76 count. A further complication is that the objective that Council recommends for 1976-77 is "to accommodate predicted enrolment increases *at the undergraduate level*."

In the circumstances, Council has had recourse to the observations of Ministry officials and, bearing in mind the more restricted compass of its 1976-77 objective, has made its own prediction, whose status must be hedged by the current climate of economic uncertainty. This is that undergraduate enrolment in 1976-77 will increase by 5.3 per cent. In estimating the gross cost of this level of enrolment increase Council applies the factor of 5.3 per cent to the 80 per cent of system-wide expenditures that relate to undergraduate programs.

Column 6: Excess Capacity Factor

The figures in Column 5 assume that undergraduate enrolment increases are accommodated at a marginal cost that is equal to average cost. But the existence of excess capacity in some parts of the university system would clearly undermine the validity of this assumption, and produce an opportunity for further "productivity gains" in the system as a whole. Council is currently probing the existence of excess capacity in the system both because of its implications for future capital support and because of the light it sheds on problems associated with extra-formula grants. Council's probe remains far from complete, but the initial results yield plausible evidence to the effect that currently predicted undergraduate enrolment increases can be accommodated within the university system at a marginal cost

that does not exceed 50 per cent of average cost. This percentage accordingly becomes the excess capacity factor that Council applies to the cost tabulated in Column 5, and results in the discount figures exhibited in Column 6.

Column 7: Cost of Basic Objectives
The final column of Table I simply adds to Column 1 the sum of the calculations subsumed in Columns 2 through 6. The grand total of $818.9 million represents Council's best estimate of the cost of the basic objectives it has recommended to Government in funding the provincially-assisted universities, Ryerson and the Ontario Institute for Studies in Education in 1976-77.

The Cost to Government of Council's Basic Funding Objectives
The cost to Government of the basic funding objectives recommended by Council is derived from the estimated total cost of these objectives by subtracting from that total estimated university income in 1976-77 from tuition fees and other revenues. The latter item includes certain line budget and special Government grants whose level is currently excluded from Council's advisory mandate.

Given the Government's commitment that tuition fees are to remain unchanged in 1976-77, the task of forecasting fee income for that year is simply a matter of augmenting 1975-76 fee revenue by the percentage of predicted enrolment increase. In Table II, Council records forecast fee income of $122.5 million, which is its Appendix B estimate of current fee income of $116.9 million adjusted for Council's predicted undergraduate enrolment increase for 1976-77 of 5.3 per cent.

In the matter of forecasting other revenues, Council again has recourse to Appendix B. In a setting where the university system currently indicates a budgeted deficit of $16.1 million, and where budgeted expenditures appear resistant to downward revision, this Appendix indicates that the most likely source of deficit reduction during 1975-76 will stem from an increase in other revenue that is estimated in Table B-4. The relief would flow partly from higher than forecast tuition fee and interest income, but mostly from line budget and special grants from the Ministry of Colleges and Universities not yet traced to university accounts. In the event that Council's estimate of final 1975-76 other revenues is correct, the university system's deficit in that year might be as low as $7 million. This revenue estimate is generous but Council deems its generosity a proxy for whatever marginal expenditure reductions might be effected in the face of year-end deficits that are more substantial than $7 million.

Table II

The Cost to Government of the Basic Funding Objectives Recommended for 1976-77: Provincially Assisted Universities, Ryerson and OISE

	($ million)
Cost of Basic Funding Objectives (Table I column 7)	818.9
Deduct: Tuition and Other Fees	-122.5
Other Revenue, including line budget and Government Grants	- 70.6
Cost to Government of Basic Funding Objectives	625.8

Council's base for forecasting other revenue in 1976-77 is its generous estimate of $64.2 million for 1975-76. Against the likelihood in 1976-77 of higher line budget and special Ministry grants, Council must weigh a possible decline during that year in short term interest rates to the extent that the federal anti-inflation guidelines take hold. Council has accordingly recorded other revenues in Table II of $70.6 million, 10 per cent higher than its 1975-76 estimate. The subtraction of Council's forecast tuition and other revenues from the estimated cost of its basic objectives yields a cost to Government of $625.8 million.

Recommended Government Expenditure Levels for 1976-77
The expenditure levels that Council recommends to Government for the purpose of funding the operation of the university system in 1976-77 are divided into three components. The first relates to the basic objectives recommended to Government with respect to the provincially-assisted universities, Ryerson

and the Ontario Institute for Studies in Education. The second is in recognition of Council's supplementary funding objective whereby Government would contribute to financial stability in the university system. The third is to take account of special institutions and policy matters.

Basic Funding Objectives
The cost to Government of Council's basic funding objectives with respect to the provincially-assisted universities, Ryerson and the Ontario Institute for Studies in Education is $625.8 million against the corresponding 1975-76 expenditure level of $549.9 million. Council *recommends to the Minister and the Lieutenant Governor in Council:*

OCUA 75-12
Expenditure Level for 1976-77 to Meet the Cost of Basic Objectives in Funding the Operation of the Provincially-Assisted Universities, Ryerson and the Ontario Institute for Studies in Education
That the 1975-76 Government expenditures of $549.9 million on behalf of operating costs in the provincially-assisted universities, Ryerson and the Ontario Institute for Studies in Education be increased for 1976-77 to a level of $625.8 million.

Supplementary Funding Objective
Council's rationale for a supplementary funding objective has been outlined in the text of this memorandum and is sustained by the analyses of its two appendices. Since the recommended objective is meant to recognize the need for financial viability in the university system, its cost is not subject to calculation. In recommending the extent of recognition that Government should consider for 1976-77, Council has accorded substantial weight to the prevailing climate of economic constraint. Council is quite content that the appropriate expenditure level pursuant to its supplementary funding objective be a matter of Council's own credibility, a credibility that Council pledges itself to test in its future retrospective analyses of the state of the university system. Council *recommends to the Minister and the Lieutenant Governor in Council:*

OCUA 75-13
Expenditure Level to Subscribe to Financial Viability in the University System
That there be provision for a 1976-77 expenditure level of $8 million to recognize the need for financial viability in the university system.

Special Institutions and Policy Matters
Government expenditures on behalf of the university system in 1976-77 must take into account two special institutions concerning which Council has advisory responsibilities, namely the Ontario College of Art and the Bar Admission Course of the Law Society of Upper Canada. They must also be sufficient to accommodate the cost of Government's acceptance during the past year of the recommendation of the Committee on University Affairs with respect to full formula funding of theology programmes. To the expenditures incurred for these established purposes Council wishes to add provision for two items of enrichment. The first is in respect of the new policy of Northern Ontario grants adopted by Government on Council's recommendation in 1975-76. The second involves a possible interim adjustment in bilingualism grants.

In recommending a policy of Northern Ontario grants to the Government in Advisory Memorandum 74-III, Council clearly indicated that the initial level of these grants should be "without prejudice to such higher levels of support as special study might justify in 1976-77 and beyond." As for bilingualism grants, Council notes with gratitude that the Advisory Committee on Franco-Ontarian Affairs has been willing to assume for the time being a lead role in their rationalization. Government's spending estimates should allow for the possibility of a marginal interim enrichment if one is recommended.

Council has no wish to prejudge the exact amounts that might eventually be allocated in 1976-77 under the heading of special institutions and policy matters. It has therefore not ventured beyond an aggregated estimate of the expenditures that might be involved. This estimate covers possible commitments of up to $9 million. Council *recommends to the Minister and the Lieutenant Governor in Council:*

47

OCUA 75-14
Expenditure Level For 1976-77 on Behalf of Special Institutions and Policy Matters
That there be provision for a 1976-77 expenditure level of up to $9 million on behalf of special institutions and policy matters.

Closing Observations on Operating Support for the University System

Having made its recommendations, Council wishes to make three closing observations with respect to the 1976-77 level of operating support for the university system. The first is addressed primarily to Government, the second primarily to the university community and the third to both parties equally:

(1) Council is fully aware of the avowed aim of the Government of Ontario to restrict public expenditures in the current economic climate. Council has calculated in Table III the percentage increases that its recommended expenditure levels entail with respect to its basic and supplementary funding objectives. (A percentage calculation with respect to special institutions and policy matters is not made, since its appropriate base includes current theology funding together with all Ministry line budget and special grants, some of which are currently outside Council's terms of reference.) Even the cumulative increase in Table III of 15.3 per cent is below the 16.9 per cent increase that Government accorded for the operating support of the university system in 1975-76. Furthermore, Council notes pointedly that the percentage increases entailed in its 1976-77 recommendations are occasioned by Government's commitment that tuition fees are to retain their present level in 1976-77. In that students are accordingly exempted from the costs occasioned by inflation, Government has chosen to carry this burden on its own. Had tuition fees been left to reflect inflationary trends, Council observes that the two expenditure levels recommended in pursuit of its basic and supplementary funding objectives would have entailed increases in public expenditures of 12.0 and 13.5 per cent rather than 13.8 and 15.3 per cent respectively. Council views the difference between these sets of percentages, which represents $9.8 million, as the cost to Government of its tuition fee commitment.

(2) Council is abundantly aware of the extent to which the basic funding levels it has recommended for 1976-77 make no allowance for improvement. Thus, to take an important example, Council has made no claim on Government with respect to the allegedly increased cost of any of a number of professional programs on whose behalf the university community has advanced representations for higher formula weights. More generally, Council has taken the specific view that for the time being, the funding of improvements, must be a matter of painful stock-taking within universities themselves. For whatever comfort it may yield to the university community, Council accepts that the same view is applicable to its own position vis-à-vis formula revision. The search for greater equity in formula distribution is one in which painful stock-taking becomes Council's own lot.

(3) Council must amplify the warning note on which it closed its discussion of operating support in Advisory Memorandum 74-IV. The costing exercise that is central to its funding recommendations is confined to stipulated

Table III

Recommended Government Expenditure Levels, 1976-77 ($ millions)

	1975-76	1976-77	Increase	Cumulative Per Cent Increase
Basic Operation of Provincially Assisted Universities, Ryerson and OISE	549.9	625.8	75.9	13.8
Recognition of the Need for Financial Viability in the University System		8.0	8.0	15.3

objectives and makes no allowance for other objectives that the university system might pursue whether by choice or force of circumstance. That same exercise in 1976-77 is further confined by the fact that Council has paid full obeisance to the over-riding national goal subsumed under the anti-inflationary program of the Government of Canada. The actual effectiveness of the program itself, however, is anything but guaranteed. Should the program fail to have its intended impact on the economy as a whole, the consequences for the health of the university system may be drastic. Neither the Government nor the people of Ontario should be blind to this possibility in the course of the year that lies ahead.

The Need for a Policy

Not only does a state of near moratorium obtain with respect to capital grants; it seemingly characterizes the very condition of government-university relations in the capital area at present. Indeed, the existing moratorium on capital grants apparently influences government-university relations in the very sense in which the word "moratorium" connotes a legally sanctioned period of waiting. What are Government and the university community waiting for?

The above words prefaced Council's discussion of capital assistance in Advisory Memorandum 74-IV, wherein the then newly-appointed body conveyed its first thoughts on the subject. The passage of time has impressed upon Council the rudimentary state of its own knowledge when it divulged its initial reflections. In Advisory Memorandum 74-IV, Council spoke of "an immediate need for enunciated Government objectives in capital assistance." The enunciation of such objectives, it was thought, would serve to clarify university expectations, to guide Government in determining annual funding levels, and to assist the Ministry of Colleges and Universities in promoting an equitable distribution of available resources among institutions.

While Council remains convinced of the need for enunciated objectives, it has gradually learned that the immediacy of this need is secondary to the prior development of a basic Government policy in the realm of capital. Drawing assistance from the accumulated knowledge of Ministry officials, Council has concluded that a quest for objectives will be fruitless unless the very basis for Government capital assistance to the university system is searchingly re-examined. Policy in the capital realm was originally one of *ad hoc* government grants for selected building projects underwritten by private funding. Successive mutations brought to fruition a policy of full-fledged public support geared to a formula that indicated the formal "entitlements" of individual institutions. This policy was temporarily suspended by the imposition of the near-moratorium in 1972. But the intervening years have exceeded the bounds of the temporary, and generated what Council deems to be a policy vacuum.

It is in this light that Council has formulated an answer to its earlier rhetorical question: "What are Government and the university community waiting for?" They are waiting for

49

advice on what might constitute sound Government policy in capital assistance for the next decade and perhaps for the balance of this century. Given its terms of reference, Council's obligation to provide such advice is unambiguous. The importance and complexity of the task preclude even preliminary discussion in a memorandum that seeks to advise on funding levels for the fiscal year that next ensues. It must suffice for Council to stipulate that it is now actively considering the possible elements of what might become a new policy in the capital realm, and that it will proceed to unveil these elements next winter in the Introduction to its Second Annual Report. This procedure will permit wide consultation with the university community during Council's next round of hearings as a necessary prelude to formal advice that Council will subsequently endeavor to convey in time for the fiscal year 1977-78. Such advice must take dead aim on a new policy and on the transition thereto.

Cyclic Renewal in an Interim Setting

Council has already made the importance it attaches to cyclic renewal a matter of record. But the question of Government assistance for major maintenance and renovation of physical plant cannot be divorced either from policy in the capital realm or the absence thereof. Council itself fell prey to existing uncertainties when it tendered its advice to Government on what might constitute an adequate level of support for cyclic renewal in 1975-76. Without descending into the realm of detail, Council reports simply that its deliberations at the time assigned to certain variables drawn from the interim capital formula a validity that subsequent examination has not borne out. Fortunately Council did not formulate its advice with primary reference to these variables but had recourse as its major measure of need to the cyclic renewal requests that the Ministry of Colleges and Universities had been forced to reject through lack of funds in 1974-75. The end result was a recommendation—accepted by Government—in which Council's confidence remains unshaken.

But in formulating its position on cyclic renewal in 1976-77, Council must in conscience disassociate its advice from the formula components to which it alluded a year ago. The application of these or other formula components to the question of an adequate Government funding level for cyclic renewal must await policy development in the capital realm as a whole. In the meantime, the only responsible option before Council is to take the figure of $11 million generated for new cyclic renewal projects in 1975-76 as an interim plateau from which to recommend a level of assistance for 1976-77. In deference to inflationary trends under the guidelines of the federal anti-inflationary program, Council deems the appropriate adjustment to be the identical 7 per cent that it applied to the non-salary area of university system operating expenditures. Accordingly, Council *recommends to the Minister and the Lieutenant Governor in Council:*

OCUA 74-15
Level of Support for Cyclic Renewal in 1976-77
That funds for new cyclic renewal projects in 1976-77 be $11.8 million.

Administrative Processes

Council is pleased to conclude this memorandum by reporting what it deems to be substantial progress with respect to the administrative processes whereby capital projects, particularly those of a cyclic-renewal nature, are approved for funding. The Ministry of Colleges and Universities had already initiated a review of its procedures at the time Council's recommendation for a study of internal administrative processes was accepted (OCUA 74-14). Of key importance to Council as an aftermath of this study is the fact that the allegedly cumbersome three-stage approval procedure can now in fact be readily telescoped into a single step. At the same time, the sequential three-stage procedure remains available to universities that wish to use it, and Council is satisfied that it is in the interest of the institutions that this option remain available. More generally, Council appreciates a state of genuine progress in the realm of administrative processes, and exhorts both the Ministry and the individual institutions to ensure that administrative improvements are communicated and understood.

J. S. Dupré
Chairman
November 7, 1975

Appendix 'A': Government Objectives in 1975-76

On November 18, 1974, the Minister of Colleges and Universities enunciated the following as the Government's objectives in funding the university system for 1975-76: "to offset inflationary trends, to maintain or improve existing levels of service and to accommodate predicted enrolment increases." These objectives were enunciated in the context of an announced Government spending target for the year in question. In Advisory Memorandum 74-IV, submitted to the Minister and the Lieutenant Governor in Council on February 8, 1975, Council expressed the considered opinion that the level of the announced spending target fell $16.2 million short of its best estimate of the cost of meeting the Government's objectives. While Government chose to make no increase in its spending level, it did not repudiate its objectives.

Council has retained a strong interest in the adequacy of Government support for the university system given the funding objectives formulated in 1975-76. This is not only because of Council's sense of responsibility toward the system that comprises its terms of reference; it is also because of Council's curiosity about the soundness of the exercise it undertook in costing the Government's funding objectives. Such an exercise, given its call on short-term forecasting, is intrinsically beset by uncertainty. Furthermore, as executed by Council in the winter of 1975, it was the product of a body whose corporate experience, some four months after its appointment, was somewhat less than awe-inspiring.

Council reproduces its initial exercise in Table A-1. The base on which Council costed the Government's objectives consisted of the 1974-75 budgeted expenditures of the fifteen provincially assisted universities as reported by the Committee of Finance Officers of the Universities of Ontario, augmented by budget figures submitted directly to Council by the Ryerson Polytechnical Institute and the Ontario Institute for Studies in Education. Given the Government's objective, "to offset inflationary trends", university expenditures in 1974-75 were escalated with reference to well known and widely accepted price indicators as reported by Statistics Canada and forecast by competent authorities. In particular, an in-

crease of 11 per cent was applied in the salary and fringe benefit area with reference to the Consumer Price Index, and a careful scanning of the Wholesale Price Index yielded an escalation of 16 per cent for non-salary items.

As to the Government's objective "to maintain or improve existing levels of service," reference was first made to certain real costs (progression through the ranks or toward the job rate in the salary area; allowance for furniture and equipment replacement in the non-salary area) that universities would have to bear even in the absence of inflation or enrolment increases. These costs were allowed at a level of 2.5 per cent. At this juncture, the Government's objective "to accommodate predicted enrolment increases" was taken to join its service objective in that the additional enrolment must be accommodated without prejudice to the prevailing level of service. A conservative prediction of enrolment increase was chosen, namely the mid-way point between that forecast by the universities (1.6 per cent) and the Ministry of Colleges and Universities (4.3 per cent). Thereupon a sweeping discount of 2.4 per cent was applied to the whole of the cost of maintaining or improving levels of service and accommodating predicted enrolment increases. The end result was the application of 3 per cent, corrected for price changes, as the cost of the service maintenance and enrolment accommodation objectives.[1]

Table A-1
Council's Exercise in Advisory Memorandum 74-IV

The Cost of Meeting the Government's Objectives in 1975-76: Provincially Assisted Universities, Ryerson & OISE - ($ millions)

	1974-75	Inflationary Trend Costs 1975-76	Existing Service Levels and Predicted Enrolment Costs	Total Estimated Cost 1975-76
Salaries	453.4	49.9	15.1	518.4
Fringe Benefits	43.3	4.8	1.4	49.5
Non-Salary	138.3	22.1	4.8	165.2
Total	635.0	76.8	21.3	733.1

University System Revenues Under the Government's Expenditure Target for 1975-76 - ($ millions)

	1974-75	Increase in Revenue in 1975-76	1975-76
Formula Grants	465.8	72.5	538.3
Non-Formula Grants	9.7	.7	10.4
Contingency	.0	1.1	1.1
Other Revenue	53.5	5.4	58.9
Tuition & Other Fees	105.0	3.2	108.2
Total	634.0	82.9	716.9

The Cost-Target Gap, 1975-76 - ($ millions)

Cost of Meeting Government's Objectives	733.1
Revenues under Government's Target Expenditure	716.9
Cost-Target Gap	16.2

[1] For details of Council's reasoning and analysis, see Ontario Council on University Affairs, First Annual Report, pp. 23-27.

52

The expenditure-based exercise described above yielded the figure of $733.1 million shown in Table A-1 as Council's best estimate of meeting the cost of the the Government's objectives in 1975-76. Against this amount Council tallied known income available in the form of formula, non-formula and contingency grants generated by the spending target for 1975-76, together with an estimate, based on 1974-75 institutional budgets, of tuition fee and other revenues. The tuition fee portion of the exercise involved an adjustment limited to enrolment growth in deference to the Government's explicit 1975-76 guideline "that there will be no increase in students' tuition fees." The resulting total revenue of $716.9 million, subtracted from the $733.1 estimated cost of the Government's objectives, yielded what Council chose to call the "cost-target gap" of $16.2 million.

In reviewing the exercise it undertook last winter, Council's first concern has been with

Table A-2
Table A-1 Revised to Incorporate Actual 1974-75 Expenditures and Revenues

The Cost of Meeting the Government's Objectives in 1975-76: Provincially Assisted Universities, Ryerson & OISE - ($ millions)

	1974-75	Inflationary Trend Costs 1975-76	Existing Service Levels and Predicted Enrolment Costs	Total Estimated Cost 1975-76
Salaries	460.8	50.7	15.3	526.8
Fringe Benefits	45.0	5.0	1.5	51.5
Non-Salary	138.8	22.2	4.8	165.8
Total	644.6	77.9	21.6	744.1

University System Revenues Under the Government's Expenditure Target for 1975-76 - ($ millions)

	1974-75	Increase in Revenue in 1975-76	1975-76
Formula Grants	463.4[1]	74.9[2]	538.3
Non-Formula Grants	9.6	0.7	10.3
Contingency	0.0	0.0	0.0
Other Revenue	57.1	5.7	62.8
Tuition & Other Fees	111.2	3.3	114.5
Total	641.3	84.6	725.9

The Cost-Target Gap, 1975-76 - ($ millions)

Cost of Meeting Government's Objectives	744.1
Revenues under Government's Target Expenditure	725.9
Cost-Target Gap	18.2

(1) Table A-1 revenue of $465.8 million minus $0.9 million in theology grants minus $1.5 million in Ryerson formula grants (attributable to a weight change approved in 1974-75 but not reflected in Ryerson grant income until 1975-76).

(2) Table A-1 formula grant increase of $72.5 million plus $1.5 million increase from Ryerson formula weight change plus Table A-1 contingency amount of $1.1 million minus $0.2 million increase in theology grants.

the reliability of the base that it used to cost the Government's objectives. Council sensed that there might be a tendency for budgeted expenditures in any given year to be higher than the amounts actually expended. Instinct aside, Council knew that its budgeted expenditure base for 1974-75 was deficient in that it excluded certain outlays of church-related colleges not incorporated in university budgets. In the face of this situation, Council chose to wed instinct to fact by using the missing church-related college expenditures as a proxy for possible over-budgeting of expenditure in the university system as a whole. Meantime, on the revenue side, Council had included the Government grants to the church-related colleges. For the rest, a margin of error attached to Council's calculation of tuition fees, other revenues and (due to a policy change) the Ryerson portion of formula grants.

The passage of time, and with it the availability of actual 1974-75 revenues and expenditures for the university system, including church-related colleges (save for their theology programs), has permitted Council to clear up the uncertainties that hedged the statistical base of its 1975-76 funding exercise. What is now the firm 1974-75 base, i.e. actual rather than budgeted expenditures and revenues, escalated by the identical factors used by Council last winter, is presented in Table A-2. It will be noted that the so-called "cost-target gap" becomes one of $18.2 million. Of greater interest are certain inferences that the firm 1974-75 base permits about university financing. This matter will be taken up in Appendix 'B'.

Table A-3
Table A-2 Revised to Incorporate Updated Economic, Enrolment and Revenue Forecasts

The Cost of Meeting the Government's Objectives in 1975-76: Provincially Assisted Universities, Ryerson and OISE ($ Millions)

	1974-75	Inflationary Trend Costs 1975-76	Existing Service Levels and Predicted Enrolment Costs	Total Estimated Cost 1975-76
Salaries	460.8	50.7	26.1	537.6
Fringe Benefits	45.0	5.0	2.6	52.6
Non-Salary	138.8	11.1	7.6	157.5
Total	644.6	66.8	36.3	747.7

University System Revenues Under the Government's Expenditure Target for 1975-76 – ($ Millions)

	1974-75	Increase in Revenue in 1975-76		1975-76	
Formula Grants	463.4	74.9		538.3	
Non-Formula	9.6	2.0		11.6	
Other Revenue	57.1	0.8	(7.1)	57.9	(64.2)
Tuition & Other Fees	111.2	5.7		116.9	
Total	641.3	83.4	(89.7)	724.7	(731.0)

The Cost-Target Gap, 1975-76 ($ Millions)

Cost of Meeting the Government's Objectives	747.7	
Revenues Under the Government's Target Expenditure	724.7	(731.0)
Cost-Target Gap	23.0	(16.7)

54

With the question of Council's statistical base clarified, an additional and potentially less charitable backward glance can be focused upon the quality of Council's capacity to divine economic and enrolment trends. This is done in Table A-3, in which Council escalates the actual 1974-75 expenditure base in the light of its new knowledge about these trends. The passage of time has only supported Council's best estimate of consumer prices, and accordingly confirms the 11 per cent applied to salaries and fringe benefits last winter. In the non-salary area, the various components of the Wholesale Price Index moved with distinct moderation in the first six months of calendar 1975, but in the summer showed unhealthy signs of resurgence which are likely to be exacerbated during the fall, particularly in the realm of energy. On balance, Council's view of present trends is that the 16 per cent it applied in last winter's exercise warrants downward revision, and Table A-3 accordingly escalates non-salary expenditures by 8 per cent. A reverse situation obtains, however, with respect to enrolment increases. While 1975-76 enrolment estimates remain preliminary, the evidence indicates that Council's figure of about 3 per cent enrolment growth was a considerable underestimate and that even the 4.3 per cent prediction made by the Ministry of Colleges and Universities was overly conservative. For the purpose of Table A-3, enrolment growth is accordingly calculated at 5.1 per cent. Council's winter estimates of the real costs of maintaining or improving levels of service are unchanged. The same sweeping discount of 2.4 per cent in the name of "productivity gains" is applied to the cost of meeting the Government's funding objectives. The outcome is a revised total cost of meeting these objectives of $747.7 million.

Against this cost of $747.7 million, Table A-3 tallies total revenues of $724.7 million, of which tuition fee income reflects the 5.1 per cent enrolment increase and other revenues are revised upward in deference to rising short term rates of interest. An alternative revenue total of $731.0 million is indicated in parentheses since the line budget and other special grants of the Ministry of Colleges and Universities have not yet been fully traced to recipient institutions and are therefore not totally incorporated in reported university revenues.

Depending on which of the two revenue totals of $724.7 or $731.0 million is applied against the cost of $747.7 million, the result is a "cost-target gap" of $23.0 or $16.7 million. Having reviewed the funding exercise it undertook during the winter of 1975 in the light of all new knowledge that the passage of time has permitted, Council is content to leave to others the question of whether its efforts warrant a passing mark.

Appendix 'B': The State of the University System

The task of costing a Government's funding objectives in any given year is important. Just as significant, however, is the financial state of the university system whether or not the Government has met the cost of its own objectives. This is because, in an autonomous university system, institutions retain a fiscal behavior pattern of their own. In Council's view one of its duties as it gains experience is to contribute to the state of knowledge about this behavior pattern. The present Appendix offers two initial contributions. The first concerns how university expenditures and revenues behave in the course of a fiscal year. The second involves the question of the difference, if any, between the fiscal objectives that universities pursue in their own budgetary process and those that are enunciated by Government in funding these institutions.

University Expenditures and Revenues in 1974-1975: Council's interest in the fiscal-year behavior of university accounts led it to compare the budgeted and actual expenditures and revenues reported by COFO-UO for the fifteen provincially assisted universities in 1974-75. Summary data, adjusted for clerical errors, are presented in Table B-1, and tell the following simple story. The fifteen provincially assisted universities embarked upon the 1974-75 fiscal year with a total budgeted deficit of $9.4 million. They finished that year with an actual deficit of $2.8 million. The deficit reduction took place in a setting where both actual expenditures and actual revenues turned out to be higher than the amounts originally budgeted. It was accomplished because actual revenue rose $6.6 million more than actual expenditure.

Table B-1

Comparison of Budgeted and Actual Revenues and Expenditures For 1974-75: 15 Provincially Assisted Universities—($ Millions)

	Budgeted	Actual	Change
Expenditures	594.1	598.4	+ 4.3
Revenues	584.7	595.6	+10.9
Deficit	9.4	2.8	- 6.6

Table B-2

Comparison of Budgeted and Actual Revenues and Expenditures For 1974-75: 15 Provincially Assisted Universities—($ Millions)

	Expenditures			Revenues		
	Budget	Actual	Change	Budget	Actual	Change
Brock	9.5	10.4	+0.9	9.6	10.4	+0.8
Carleton	33.4	33.5	+0.1	32.8	33.2	+0.4
Guelph	48.0	47.7	-0.3	46.6	47.3	+0.7
Lakehead	11.7	11.5	-0.2	10.9	11.2	+0.3
Laurentian	10.3	10.5	+0.2	10.0	10.1	+0.1
Laurentian Affiliates	3.4	3.4	0.0	3.3	3.3	+0.0
McMaster	41.3	42.6	+1.3	40.2	40.7	+0.5
Ottawa	51.3	49.8	-1.5	49.2	49.8	+0.6
Queen's	42.6	42.0	-0.6	42.1	41.9	-0.2
WLU	10.5	10.6	+0.1	11.0	11.4	+0.4
Waterloo	46.1	47.9	+1.8	45.9	47.4	+1.5
Trent	7.8	8.0	+0.2	7.5	7.9	+0.4
Western	62.6	62.2	-0.4	61.9	63.1	+1.2
Windsor	27.0	26.1	-0.9	26.1	26.0	-0.1
York	48.9	50.6	+1.7	48.8	51.1	+2.3
Toronto	139.7	141.6	+1.9	138.8	140.8	+2.0
	594.1	598.4	+4.3	584.7	595.6	+10.9

If nothing else, the story told by Table B-1 permits the initial observation that there was remarkably little change in the expenditure and revenue picture sketched by 1974-75 budgets and that which was actually recorded once the year had run its course. This same observation is confirmed in Table B-2. Here budgeted and actual revenues and expenditures are compared university by university.

A detailed probe by Council staff indicates that discrepancies between budgeted and actual amounts are in fact even smaller than Tables B-1 and B-2 indicate. This is because of a "netting and grossing" phenomenon whereby the budgeted figures of certain institutions are presented on a net basis while their actuals are recorded on a gross basis. To take a simple example, a given university may budget by omitting a health clinic's anticipated revenues from budgeted revenues, and including only the clinic's net anticipated expenditure in budgeted expenditures. At the end of the fiscal year, that same university will take the health clinic's realized revenue into actual revenues, and include its gross expenditure in actual expenditures. If allowance is made for this "netting and grossing phenomenon", the result does not alter the observed reduction in institutional deficits, but it brings actual 1974-75 expenditures almost exactly in line with budgeted expenditures and correspondingly reduces the excess of actual revenue over budgeted revenue.

As the highlight of its initial probe into the fiscal year behavior of university accounts, Council deems it particularly important to comment on what is in fact a near identity of actual and budgeted expenditures in 1974-75. This identity lends a concrete dimension to allegations of fiscal stress that have been conveyed by universities to Council. When universities begin a fiscal year with a budgeted deficit, they have a major incentive to hold actual expenditures as far below the budgeted level as possible. That their capacity to follow through was frustrated in 1974-75 may be due to ongoing inflationary trends that forced higher than anticipated salary or wage adjustments or that created unpredicted increases in the cost of certain goods. Alternatively or additionally, universities may already have budgeted so close to the line that, despite internal control measures (e.g. reductions in year-end spending), unanticipated enrolment increases occasioned unanticipated costs. The underlying factors doubtless varied from institution to institution but the over-all picture is plain. Universities were unable to reduce their outlays in the course of 1974-75. Only a marginal excess of actual over budgeted revenues made it possible for the behavior of university accounts to bring deficits in that year under control.

University Fiscal Objectives in 1975-76: In an autonomous university system, institutions can be expected to follow objectives of their own. It is accordingly important to distinguish between the objectives a Government might have in funding the system, and the budgetary behavior of the institutions themselves. Council drew this distinction clearly in Advisory Memorandum 74-IV. That memorandum states:

> Council closes by re-emphasizing that it has costed the Government's objectives in an exercise in which these have been taken strictly as given. Consequently Council has made no allowance whatsoever for any other objectives. Thus, for example, Council has not taken into account an objective like fair and equitable salaries for university personnel in relation to comparable employees in the public sector. Government did not list this among its chosen aims. Universities, of course, may choose or be compelled by force of circumstances to pursue this objective. The consequences of meeting it may possibly include deficits or a frustration of Government's service level objective or both.

Council's attempt in Appendix A to update as fully as possible the cost to Government of meeting its funding objectives for 1975-76 yields a "standard" that holds good for those objectives. But it tells us nothing about the objectives that universities are themselves following. That question, however, can be broached for the university system as a whole if the budgeted expenditures of the institutions in 1975-76 are compared with what might be expected to prevail in a setting where the Government's own objectives were fully funded. This "standard" is the cost of the Government objectives laid out in Table A-3 of Appendix A. Table B-3 compares the uni-

versity system's currently budgeted expenditures to that "standard." With the aid of its own extended inquiries into the financial state of universities during the spring and summer of 1975, Council makes the following observations.

(1) It is interesting to speculate on why budgeted academic salaries of $314.1 million should be $4.7 million lower than those envisaged by the "standard." Total salary increases awarded to continuing faculty for 1975-76 were in the vicinity of 15 per cent. This percentage is higher than the percentages applied in calculating the "standard" (11 per cent for inflation and 2.5 per cent for career advancement). As to numbers of faculty in a setting of rising enrolment, preliminary and inexact data in Council's possession indicate a small net increase in full-time faculty but provide no information as to changes in the part-time complement. It seems clear that universities attempted to pursue an equity policy in faculty salaries geared either to past losses in purchasing power or to comparable settlements or both. The open question is whether or not faculty mix and numbers turned out to be sufficient to maintain service levels in the face of enrolment increases.

(2) The budgeted expenditures of universities for support staff are ahead of the "standard" and thus permit the conclusion that the university budgetary process discloses the pursuit of an equity policy in wages and salaries whose costs exceed the maintenance of purchasing power and progess toward the job rate. This conclusion is reinforced by impressionistic information before Council that indicates a net reduction in staff. In that a part of this reduction might be attributable to true productivity gains, it should again be remembered that Council's "standard" incorporates a sizeable target to this effect. Accordingly, it is entirely reasonable to entertain the hypothesis that the pursuit of equitable salaries for support staff took place at the cost of maintaining levels of service.

(3) The near identity between budgeted expenditures for fringe benefits and those indicated by the "standard" is likely due to the convergence between the "standard" and the combined budgeted expenditures for academic and staff salaries. To the extent that universities have warned Council of pending pension plan bills for unfunded liabilities and experience related deficiencies, Table B-3 does not indicate that these affected university budgets in 1975-76.

(4) The apparent gap between the "standard" and budgeted expenditures in the non-salary area is a telling indicator of the extent to which the university budgetary process failed to accommodate the objective of maintaining levels of service. It lends a concrete dimension to the problem that universities have repeatedly and emphatically brought to Council's attention: deteriorating library acquisition budgets, deficient plant maintenance, non-replacement of obsolete furniture and equipment—in brief, a state of capital consumption.

The sum of the above observations delineates its own tale of fiscal stress. The budgetary decisions made within the university system accorded priority to an objective of

Table B-3

Comparison of 1975-76 Budgeted Expenditures and Those Estimated in Table A-3

1975-76 Expenditures for the Provincially Assisted Universities, Ryerson and OISE ($ millions)

	Budgeted Costs	Costs Constructed in Table A-3	Difference
Academic Salaries	314.1	318.8	- 4.7
Staff Salaries	219.9	218.8	+ 1.1
Total Salaries	534.0	537.6	- 3.6
Fringe Benefits	52.2	52.6	- 0.4
Non-Salary	151.8	157.5	- 5.7
TOTAL	738.0	747.7	- 9.7

75-VII The Allocation of the Government's Operating Support for the University System in 1976-77

equitable salary settlements. Meantime, the reported pattern of enrolment growth indicated that the university system was accommodating the existing demand for student places. Bearing in mind that the standard of comparison involves a sizeable allowance for productivity gains, the compensation of personnel and the accommodation of students were accomplished at the expense of levels of service.

These twin objectives were accomplished at another expense not recorded in Table B-3: a sizeable budgeted deficit of $16.1 million in the university system as a whole. This is the final component of fiscal stress that characterizes the university system in 1975-76. Council's own best estimates of university revenues depicted in Appendix A indicate a marginal downward revision in the budgeted deficit that is outlined in Table B-4. But in the last analysis, there is little likelihood that 1975-76 will end with a system-wide deficit of less than $7 million. Under conditions of fiscal stress the resistance of university expenditures against downward revision during the course of the fiscal year, duly analyzed at the outset of this Appendix, offers unhappy evidence to this effect.

Table B-4

Alternative Deficits in 1975-76: Provincially Assisted Universities, Ryerson and OISE

		($Million)
Revenues (Table A-3)		
Formula Grants	538.3	
Non-formula Grants	11.6	
Other Revenue	57.9	(64.2)
Tuition and Other Fees	116.9	
TOTAL	724.7	(731.0)
Less: Budgeted Expenditures (Table B-3)	738.0	(738.0)
Deficit	-13.3	(-7.0)

By letter of December 12, 1975 to the Chairman of Council, the Minister of Colleges and Universities confirmed a global spending target of $651 million in support of university system operations in 1976-77. By the same letter, the Minister formally referred to Council the task of advising on the distribution of $637.5 million in operating grants. The amount referred by the Minister is very close to the level of funding envisaged by three recommendations (OCUA 75-12, 75-13 and 75-14) submitted by Council in Advisory Memorandum 75-VI. These recommendations entailed operating support of up to $642.8 million, divided as follows:

(1) a base line amount of $625.8 million (OCUA 75-12) to be distributed among the provincially-assisted universities, Ryerson and the Ontario Institute for Studies in Education and deemed by Council as sufficient "to offset inflationary trends, to maintain existing levels of service and to accommodate predicted enrolment increases at the undergraduate level";

(2) a supplementary amount of $8 million (OCUA 75-13) "to recognize the needs for financial viability in the university system";

(3) an amount of "up to" $9 million (OCUA 74-14) on behalf of special institutions and policy purposes.

In this Memorandum, Council responds to the Minister's reference on the allocation of $637.5 million. Council notes that this sum is more than sufficient to cover its base line amount of $625.8 million.

The Operating Grants Formula

A most gratifying outcome of the level of support accorded by Goverment for university operations in 1976-77 is that it permits Council to recommend what, in the course of its autumn deliberations, emerged as its preferred methods for allocating operating support to the university system for 1976-77. A critically important "test" for the level of support sufficient to sustain Council's allocative preferences was deemed by Council to be its base line funding figure of $625.8 million, which in

this event has been more than covered. Council accordingly proceeds to outline its preferred modifications of the existing operating grants formula under two headings. The first, Graduate Funding Under Formula Suspension, is suggested by the acceptance of the recommendation made by Council in Advisory Memorandum 75-V. The second, Formula Sensitivity to Undergraduate Enrolment Change, deals with Council's consideration of the extent to which the allocation of formula grants in the undergraduate sector might acquire a different sensitivity to enrolment change.

Graduate Funding Under Formula Suspension

In Advisory Memorandum 75-V, Council recommended "that the present formula be suspended with respect to funding of graduate work in 1976-77 and 1977-78 in favour of grants to institutions that will be totally insensitive to changes in enrolment levels." Having made this recommendation, Council left open the question of the alternative mechanisms whereby funds for the support of graduate study could be most equitably generated and distributed in 1976-77. In Council's words,

> One possible approach is simply to consider the 1975-76 graduate income of each institution as its base grant, and to escalate this amount for inflation. This approach, given slip year, would produce a distribution of funds that is geared to 1974-75 enrolment. While Council deems Advisory Memorandum 75-II as constituting due notice of such a possibility, it is seriously considering an alternative that would respect the 1975-76 distribution of enrolment, including enrolment in new programs recently approved as eligible for funding. Under this alternative the base for the 1976-77 graduate studies grant would remain the system-wide income for 1975-76, but the derived amount would be distributed in a manner that reflected institutional enrolment in 1975-76 rather than 1974-75.

Council now declares its explicit preference for the institutional enrolment count embodied in the second of the alternatives it outlined in Advisory Memorandum 75-V. The allocation of graduate funding in accordance with 1975-76 BIU's cushions the impact of a sudden suspension of the formula system that has influenced university expectations for almost a decade. The same alternative is what permits enrolment in programs that were formally approved last summer, prior to formula suspension, to be treated in the same manner as enrolment in all other hitherto approved programs. For these reasons, Council *recommends to the Minister:*

OCUA 75-16
Distribution Mechanism with Respect to the Funding of Graduate Work in 1976-77 and 1977-78
That under formula suspension with respect to the funding of graduate work in 1976-77 and 1977-78, grants to institutions be allocated in accordance with the distribution of eligible graduate Basic Income Units reported in 1975-76, these units to be designated during the period of suspension as Graduate Funding Units.

Council has chosen to recommend that 1975-76 eligible graduate BIU's be designated Graduate Funding Units as a convenient label for the distinction that will prevail between the funding treatment accorded to undergraduate enrolment and that accorded to graduate enrolment during the period of formula suspension.

Having chosen to recommend that the distribution of graduate grants under formula suspension be through Graduate Funding Units equal to the number of eligible 1975-76 graduate BIU's, Council is sensitive to the issue posed by enrolment in programs that were in advanced stages of the funding approval process at the time that Advisory Memorandum 75-IV initiated departures from past practice subsequently capped by formula suspension. Students enrolled in such programs do not count as eligible 1975-76 BIU's, and Council has considered what action, if any, might be warranted on its part.

A key element of past practice that was brought to an end by Advisory Memorandum 75-IV was the one whereby a Council recommendation for program approval could be expected to flow easily and automatically from the point where a proposed program was certified as being in accord with institutional plans, in an unembargoed discipline and in possession of a favourable appraisal. Council

clearly signalled in Advisory Memorandum 75-IV that these conditions would henceforth remain necessary but that they would no longer automatically prove sufficient. Indeed, that Memorandum proposed to terminate the sequential submission throughout the year of program approval requests in favour of a situation where "Council will in future advise on new graduate programs on only one fixed date each year". This new practice, it was submitted, "will enable Council to have before it the entire range of proposed new programs at once, and facilitate its task of balancing fiscal realities and new initiatives." From the time the Minister of Colleges and Universities responded favourably to Council's suggested approach, the approval of any given new graduate program became a matter for conjecture. In Council's view, this fact assumes critical importance in dealing with the question now posed under formula suspension by the status of enrolment in programs that were in advanced stages of the funding approval process last summer. Whether or not formula suspension was in place, the existence of Advisory Memorandum 75-IV would couch the matter of whether these programs might receive approval in hypothetical terms.

As for formula suspension itself, Council appreciates that this device is not immune to any of a number of the questions that can adhere to the use of blunt instruments. But the particular question raised by BIU eligibility for programs in an advanced stage of the funding approval process last summer is one that Council is disinclined to remedy during the period of formula suspension because the matter of approving any given program would have remained hypothetical even in the absence of formula suspension.

Given the strict attitude that Council adopts, a very particular set of circumstances attaching to a single program lead it to recommend funding approval at this time so that students enrolled in that programme in 1975-76, if any, can count as Graduate Funding Units in the base that will govern graduate funding distribution under formula suspension. The program in question is the Master of Science in Watershed Ecology at Trent University. This is the lone program concerning which Council received a formal COU request for funding during the period that intervened between the submission of Advisory Memorandum 75-IV to the Minister on June 21st and the release to the university community of that Memorandum together with the Minister's response on July 22nd. In that adherence to past practice appears called for up to the day when the university community was officially notified of change, Council simply notes that the M.Sc. in Watershed Ecology at Trent University was duly certified by letter of June 30th from the Executive Vice Chairman of the Advisory Committee on Academic Planning as being in an unembargoed discipline, in possession of a favourable appraisal and in accord with that institution's five-year plan, and accordingly, *recommends to the Minister:*

OCUA 75-17
Master's Program in Watershed Ecology at Trent University
That the M.Sc. in Watershed Ecology at Trent University be deemed eligible for funding.

Formula Sensitivity to Undergraduate Enrolment Change

Through Advisory Memorandum 75-II, Council gave notice to the effect that it was "actively considering options whereby the formula that will determine operating grants for 1976-77 might be made less sensitive than the present formula to enrolment changes." Formula suspension in the graduate realm involves a period of total insensitivity to enrolment. Council now broaches the possibility of a gradual process whereby the formula that remains ongoing in the undergraduate sector can acquire some reduced sensitivity to enrolment change.

Council's spring hearings gave it the benefit of a broad range of views on formula sensitivity to enrolment. These views were formulated with evident care. Their sophistication precludes comparative tabulation and indeed is such that no particular consensus can be readily identified. At the most general level, the prime university concern is for adequacy of funding without regard to any particular formula approach. Below this level of generalization, Council took away the impression

that fiscal stability sufficient to maintain service levels is accorded a measure of priority over growth and that accessibility of the university system to student numbers is hedged by a genuine concern for the quality of a student's university experience. In a context of limited financial resources, there is evident support for reduced formula sensitivity to enrolment changes from important quarters, notably the operating grants committee of the Council of Ontario Universities, the C.O.U. special committee to assess university policies and plans, and the Ontario Confederation of University Faculty Associations. Certain individual institutions made specific suggestions whereby formula funding might be made less sensitive to enrolment.

Council's views on the question of formula sensitivity to enrolment change evolved over a lengthy series of meetings. Council began by taking as its own the concerns of the university community over growth and stability, accessibility and quality. These concerns are longrun as well as immediate. Council has no claim to any special degree of clairvoyance, but simply takes existing demographic data as indicating the likelihood of some further growth in student numbers through the early nineteen eighties, followed by a lengthy period of possibly severe enrolment decline. In the shorter run, the Government's avowed policy, reflected in its funding levels, of maintaining a university system that is broadly accessible, speaks for a university environment that should accommodate some further measure of growth. Looking further ahead, stability, always a desideratum in university financing, may acquire particular vulnerability in a setting where the adequacy of funding levels is no longer supported by the priority claim of a public expenditure sector whose service is in a state of rising demand. These twin considerations set Council on a search for a formula change that would at once respect the immediate claims of accessibility and accommodate the longer run premium on stability.

At this juncture, Council's deliberations yielded a key test to be met by any important formula change. Such change should have long as well as short-run validity. As a logical extension of this proposition, such change should, at the time of adoption, promise to minimize any need for year-to-year tampering. With respect to enrolment sensitivity, this consideration alone led Council to downgrade the advisability of so-called "split Basic Income Unit" options, whereby additional BIU's in any given year might be accorded a fractional value of the prior-year BIU's. "Split BIU" options to varying degrees beg genuine questions of devising fractional values for successive years. The result is an atmosphere of uncertainty, to say nothing of a tax on the future ingenuity of the would-be author of formula reform.

At this point Council began to accord the most serious consideration to the possibility of enrolment averaging. A proposal of this nature had indeed been advanced in the course of Council's spring hearings by the University of Western Ontario. Formula support geared to a moving multi-year enrolment average can maintain a growth incentive and hence honour the goal of accessibility. At the same time, enrolment averaging generates a genuine element of stability over the longer run. In the intermediate term, this same technique insulates institutional income from sudden and unpredictable enrolment drops and hence fosters a more secure planning atmosphere.

With the case for enrolment averaging thus put, Council's attention focused on an additional consideration that in the end clinched its final choice. Council has accumulated what now amounts to an impressive list of suggestions for formula change. This list is prominently marked by requests for revisions in program weights. The merits of these requests doubtless vary. But program weight changes, however warranted they may be, have a likely impact on the distribution of operating support among institutions. A formula geared to enrolment in a single year undoubtedly accentuates the possibility that weight changes will engender abrupt redistributive effects. This possibility can in turn all too easily become a factor that inhibits an honest appraisal of the merits of weight changes in good faith with all concerned. Since it is Council's most earnest wish to minimize barriers to needed formula revisions, the enrolment averaging technique acquires additional merit in that it permits gradual phasing with respect to a potentially

important sector of formula change.

In sum, enrolment averaging came to be seen by Council not only as striking an inviting balance between growth and stability but indeed as a *bona fide* to the university community that yet other steps in formula reform can and will be contemplated seriously. It would be quite premature for Council to express at this time the span of years that might finally be incorporated into a moving average. For discussion purposes with the university community, Council invites contemplation of what by 1979-80 could be five-year average of enrolments in the years 1974-75 through 1978-79.

For the present, Council, having become convinced of the merits of enrolment averaging, wishes the university system to approach its coming cycle of undergraduate admissions decisions with foreknowledge of formula sensitivity to enrolment in the 1977-78 fiscal year. Council views 1976-77, the immediate fiscal year with which this Memorandum is primarily concerned, as providing the ideal opportunity for transition from the current single-year enrolment system.

Council favours for 1977-78 a distribution of formula grants geared to average undergraduate BIU's in each of 1974-75, 1975-76 and 1976-77. For 1976-77, Council's choice of an appropriate transition is one that will accord a one-third weight to 1974-75 undergraduate BIU's and a two-thirds weight to 1975-76 undergraduate BIU's. Accordingly Council *recommends to the Minister:*

OCUA 75-18
Distribution Mechanism with Respect to Formula (Undergraduate) Grants in 1976-77
That the distribution of formula grants in 1976-77 be based upon an averaging of one-third of the eligible undergraduate BIU's in each institution in 1974-75 and two-thirds of eligible undergraduate BIU's in each institution in 1975-76.

Furthermore, to assist universities in their fiscal and undergraduate enrolment planning for 1977-78, Council wishes to request an early Ministerial announcement with respect to the distribution mechanism that should prevail in that year. Council therefore *recommends to the Minister*

OCUA 75-19
Distribution Mechanism with Respect to Formula (Undergraduate) Grants in 1977-78
That the Minister give early notice of intent that 1977-78 formula grants be distributed in relation to the average number of eligible undergraduate BIU's in each institution during the years 1974-75, 1975-76 and 1976-77.

This much brought forward, Council retains under advisement as the subject of potential recommendations for possible implementation in 1977-78 or later years its entire list of requests for formula revision. With particular regard to submissions for program weight changes, Council offers the very revision in enrolment sensitivity it has recommended as its assurance that all such submissions will be treated seriously.

The Distributive Impact of Recommendations 75-16 and 75-18

Table I illustrates the distributive impact of Council's recommendations on formula suspension with respect to graduate funding and on the particular averaging technique selected for formula grants in 1976-77. For the purpose of the illustration, a fixed grant sum of $612.9 million is distributed in Column 1 as if the provisions of the slip-year enrolment formula in effect in 1975-76 had been carried forward into 1976-77; then in Column 2 under these same provisions as affected by the Graduate Funding Unit approach; and finally in Column 3 under the sum total of undergraduate BIU averaging and GFU's under formula suspension. The amounts shown in the columns permit direct comparision of the allocation of a fixed sum under each of these distribution mechanisms. The illustrative grant sum of $612.9 million that underlies the exercise is derived from Council's base line funding recommendation of $625.8 million, less an arbitrary amount of $12.9 million set aside for extrapolated bilingualism and Northern grants and for allocation between supplementary grants or additional formula or graduate grants.

Table I

Allocation of an Illustrative Sum of $612.9 Million Under Alternative Distribution Mechanisms

	Column 1		Column 2		Column 3	
	Unaltered Operating Grants Formula (OGF)		OGF as Affected by Recommended Treatment of Graduate Funding		OGF as Affected by Recommended Treatment of Graduate Funding and as Revised by Enrolment Averaging	
	Amount	Per Cent Increase Over 1975-76	Amount	Per Cent Increase Over 1975-76	Amount	Per Cent Increase Over 1975-76
	($000's)	(%)	($000's)	(%)	($000's)	(%)
Brock	10,319	20.8	10,337	21.0	10,184	19.3
Carleton	33,074	19.9	33,071	19.9	32,994	19.6
Guelph	38,165	11.6	38,192	11.6	38,421	12.3
Lakehead	9,462	18.7	9,475	18.8	9,389	17.7
Laurentian	8,729	12.9	8,745	13.1	8,607	13.9
Algoma	925	2.0	927	2.2	969	6.8
Nipissing	1,277	44.6	1,280	45.0	1,198	35.7
Hearst	250	-2.0	250	-2.0	266	4.3
McMaster	42,852	14.4	42,823	14.3	42,605	13.8
Ottawa	47,174	14.2	47,150	14.1	47,102	14.0
Queen's	42,174	12.0	42,178	12.0	42,153	12.0
Toronto	138,575	9.8	138,509	9.7	139,453	10.5
Trent	6,055	18.6	6,067	18.8	6,021	17.9
Waterloo	47,226	13.5	47,217	13.4	47,315	13.7
Western	64,567	13.1	64,587	13.1	64,660	13.3
Wilfrid Laurier	11,188	20.3	11,200	20.4	11,084	19.2
Windsor	28,016	25.6	28,033	25.7	27,348	22.6
York	48,414	15.4	48,409	15.4	48,557	15.7
Ryerson	25,453	12.9	25,505	13.2	25,546	13.4
OISE	9,006	16.4	8,938	15.5	8,942	15.6
All universities, Ryerson & OISE	612,903	13.8	612,893	13.8	613,014	13.8

The differences among the grant amounts displayed in the three columns can be explained in terms of the differences among unit values. Column 1 grants are based on a BIU value of $2,245. Column 2 grants involve a BIU value of $2,249 and a GFU value of $2,229. The moderately lower GFU value stems from the differential treatment accorded by Council to graduate as opposed to undergraduate funding in Advisory Memorandum 75-VI. Column 3 grants involve a BIU value of $2,286 and the same GFU value as the Column 2 grants. The BIU value underlying Column 3 grants is moderately higher than the Column 2 BIU value because of enrolment averaging.

Council is content to leave this illustration of the redistributive results of its recommendations to speak for itself. Council simply notes that its recommendations have a distinctly moderate redistributive impact generally and, with particular regard to formula suspension in the realm of graduate funding, that the result marginally favours institutions with a low proportion of graduate students, including all five of the universities regarded as small.

Supplementary Grants

Carleton, Windsor and York. In Advisory Memorandum 74-II, Council last year reviewed at some length various criteria that might be used to justify the accordance of supplementary support to designated institutions. In the particular cases of three universities that had requested supplementary funding—Carleton, Windsor and York—Council declared itself "short of an adequate rationale for supplementary grants." Council accepted the word of these universities that they had problems; its difficulty lay in indentifying these problems and in assessing the extent to which such problems if identified might sustain a case in equity for supplementary grants.

Faced with this difficulty, Council confessed to a state of mystification and temporarily resolved its quandary to the benefit of Carleton, Windsor and York by recommending supplementary grants for 1975-76. But these grants were to be viewed as "plainly transitional in nature", and Council requested that "henceforth specific reports be submitted to it by the three universities in question documenting progress in the identification and solution of their problems, with their particular attention concentrated on showing why, in equity, such support should not be phased out within the next two or three years."

Council acknowledges with gratitude the efforts made by Carleton, Windsor, and York in preparing documented cases on their respective positions, and appreciates the frank quality of the oral discussions with their officials that the presentations of these cases occasioned. There is no question that Council's dialogue with representatives of these three institutions made a considerable contribution to its education in matters of university finance. As a general proposition, Council remains unconvinced, as it was a year ago, that the so-called "mix" criterion discussed at length in Advisory Memorandum 74-II offers grounds for supplementary support. On the other hand, Council has gained heightened awareness of certain broad questions that will contribute to its views on the future development of university financing in Ontario. One concerns the recognition of enrolment or head-count related costs as distinct from pro-

gram costs; a second involves the distribution of formula weights among general and honours undergraduate students. Yet a third problem might attach to the costs inherent in providing integrated instruction by full-time faculty to part-time sutdents; but here Council has found that the characteristic of high integration is in fact not peculiar to Carleton and York and may be more generally related to internal university priorities than to a deficiency in the current formula.

What has contributed to Council's education on issues to which it should be sensitive in advising on formula revision is one thing. What in Council's view would constitute an adequate rationale in equity for continued supplementary grants to Carleton, Windsor and York is quite another. Such a rationale would have to be grounded in evidence to the effect that Carleton, Windsor and York have suffered from formula-generated inequities to the point where the beneficial impact of future formula revisions on their individual positions should be anticipated through a continuation of extra-formula funding at this time. Given the variety of pleas brought forward by numerous universities including Carleton, Windsor and York for formula changes, Council is by no means assured that the end result generated by a revised formula would indeed improve the relative positions of Carleton, Windsor and York.

In the circumstances, Council has had occasion to ponder seriously whether whatever problems led to supplementary support for Carleton, Windsor and York in 1974-75 and 1975-76 lay outside the realm of the current formula *per se*. Council's conclusion is that the most significant hypothesis for explaining the position of Carleton, Windsor and York is that a lack of balance between resource commitments and enrolment growth during the first part of the present decade handicapped them with a temporary burden of excess capacity. Their evident enrolment growth in 1975-76, coupled with virtually unchanged staff resources, is taken by Council as indicating that the three universities continued to share a degree of excess capacity that awaited filling. Council's judgement is that it was excess capacity more than any formula-generated inequity that distinguished the problems besetting Carleton, Windsor and York. In this light, Council is not recommending supplementary grants for these universities in 1976-77.

The mystification that led Council to recommend supplementary grants to Carleton, Windsor and York in 1975-76 in effect levied a "tax" on the formula support of the total institutional system, a "tax" whose payment related more to a lack of balanced growth within these three universities than to formula-generated difficulties peculiar to these institutions alone. This result, to Council, calls for a termination rather than a phasing out of the supplementary grants accorded for 1975-76 to Carleton, Windsor and York. Council only adds the observation that these institutions will receive in 1976-77 a percentage increase in formula grants which, if calculated over the combined formula and supplementary grants received in 1975-76, is higher than the percentage increase in the formula support of several universities that have never had the benefit of special funding.

Brock, Lakehead, Laurentian and Trent. Council in Advisory Memorandum 74-II attached legitimacy to the notion that size could serve as a criterion for the accordance of supplementary grants, and therefore recommended that such grants be made to Brock, Lakehead, Laurentian and Trent in 1975-76. Recognizing that a key question in the application of the size criterion to the matter of supplementary grants might involve the enrolment threshold at which a small university should be able to fulfill expectations of viability without such support, Council was strongly impressed by the fact that Brock University openly declared itself just short of what it deemed to be its own threshold size. Council accordingly invited all small universities to assist it during 1975-76 in resolving the problem of their critical enrolment thresholds for the future. At the time, it appeared to Council that encouraging individual institutions to identify their own threshold sizes might offer an improvement over multiple and inconclusive efforts made by others in the past to identify mathematically a threshold point that would be common to all small universities.

Having examined submissions from Ontario's small universities which it gratefully acknowledges, and having further engaged in forthright discussions with their officials, Council must report that its attempt to determine individual threshold sizes through a process of self-identification had mixed results. Council did succeed in identifying certain phenomena of potential significance to the future of the Ontario university system, for example the existence at Lakehead and Laurentian of a substantial number of undergraduate places that could apparently be filled at a marginal cost less than one-third of average cost. The same universities made considerable efforts to identify threshold sizes, but it was plain that each university's threshold involved delicate assumptions about enrolment distribution among programs. On a different level Council learned much, particularly from Trent University, about the extent to which the aims and objectives of an institution can relegate threshold size to a distinctly secondary consideration. In sum, Council's own quest for threshold sizes during the last year proved elusive.

Council undertook on its own to review closely the past development of funding policy with respect to small universities in Ontario and has discussed with the presidents of Brock and Wilfrid Laurier the circumstances that have enabled these institutions to consider themselves at or beyond a threshold point of emergence. Wilfrid Laurier is quite evidently a special case, having only recently made the transition from a denominational insitution to the status of a provincially assisted university. For quite different reasons, Brock offers a special case as well.

The development of provincial policy toward the funding of small institutions acquired a distinct change in tone as the nineteen sixties drew to a close. Having begun with a policy that generated special support geared solely to the size of what were much smaller institutions at the time the formula came into being, the Committee on University Affairs, officials of the Ministry of Colleges and Universities, and indeed the Minister of Colleges and Universities in the period 1969-73 suggested quite explicitly and with increasing urgency that emergence onto the formula should be viewed as a question of time as well as a question of size. The special case of Brock quite evidently joins the change in provincial policy during this period. That institution evidently took the signals it received from the Government with great seriousness, and indeed in the words of the current President placed an "urge to emerge" in a position of primacy. In reaching for its goal, Brock was doubtless assisted by the fact that it has been alone among the four small universities to have enjoyed uninterrupted growth since 1969. But there is no question in Council's mind that careful internal planning in the deliberate pursuit of emergence has played a major role.

In 1975-76 Lakehead, Laurentian and Trent remained smaller than Brock in its state of near emergence. Beyond this point, the two northern universities must be distinguished from Trent. As northern institutions, Lakehead and Laurentian developed in a setting where the provision of regionally oriented educational, research and community services was accorded major priority. In that the Government of Ontario chose last year on Council's advice to accord explicit recognition to the peculiar needs that the Northern environment generates for university services, it singled out as a matter of public policy a distinguishing factor that hitherto may have blurred the distinction between size and the existence of truly extraordinary geographical circumstances. Council appreciates the extent to which, until 1975-76, Lakehead and Laurentian may have been quite uncertain about whether their supplementary grants involved an implicit geographical component. Northern grants now eliminate this possible source of past confusion.

Such a possible source of past confusion is of course absent in the case of Trent. That institution has consistently awarded primacy to its own aims and objectives. Upon examination, the record is not lacking in evidence that Trent has deployed its resources with care. Nonetheless, Trent's posture gives Council cause to have reservations about whether signals concerning Government funding evidently received from the Committee on University Affairs, Ministry officials and the Minister in the past were fully assimilated.

The current environment makes it important that it be clearly understood that there is little or no likelihood that supplementary grants to Trent, and for that matter supplementary as distinct from Northern grants to Lakehead and Laurentian, can or should continue indefinitely. For one thing, that environment is bringing the entire Ontario university system to the brink of a period when, beginning in the mid-nineteen eighties, total enrolment is almost inevitably bound to decline in that system as a whole. For another, the current economic climate indicates that it is the better part of prudence for all concerned, and particularly institutions with special funding claims based on elusive grounds, to anticipate in their internal planning and decision-making a level and distribution of public resources that reflect increasing stringency.

Council wishes to communicate to Lakehead, Laurentian and Trent in the clearest possible terms that its advice to Government with respect to supplementary grants will in the coming years openly urge further emphasis on time as a major factor in emergence onto formula funding. It will accordingly encourage the Government to reduce supplementary grants year by year. Council will of course give high priority to the examination of possible formula changes. If warranted by considerations of system-wide equity, such changes might assist Lakehead, Laurentian and Trent or any one of these universities in accelerating the process of emergence. But for each of them, the most careful internal stock-taking, the fullest exploration of relations with other institutions in the local community and the university system, and the most active cultivation of private means of support are bound to be crucial.

Council's approach to the specific matter of supplementary grant amounts for next year is grounded in the above considerations. Having delivered its message, Council has wished to avoid in 1976-77 precipitous financial consequences for the three institutions that have yet to emerge. In this context, it has sought to be sensitive to the advent of enrolment averaging for formula income, and also to devise an end result that will produce for Lakehead, Laurentian and Trent percentage increases in combined formula and supplementary grant income that for the coming year will fall within the range of percentage increases in the formula income of other institutions in the university system. *Council accordingly recommends to the Minister:*

OCUA 75-20
Supplementary Grants to Lakehead, Laurentian and Trent, 1976-77
That supplementary grants in the following amounts be made to Lakehead, Laurentian and Trent in 1976-77:

Lakehead	$1,000,000
Laurentian	$ 750,000
Trent	$1,650,000

Brock University, through efforts that Council acknowledges, will be at the point of emergence in 1976-77. Council wishes to recognize this circumstance through a small terminal supplementary grant. In recommending this grant for Brock University, Council wishes to register its opinion that a university once emerged should be considered as having achieved that state permanently. Such vicissitudes as the future may bring with respect to enrolment levels are for each and every emerged institution to accommodate as best it can. For the year in which Brock enters the state of what Council deems as full emergence, Council *recommends to the Minister:*

OCUA 75-21
Terminal Supplementary Grant to Brock University, 1976-77
That a terminal supplementary grant of $100,000 be made to Brock University in 1976-77.

Northern Ontario Grants

The advent of Northern Ontario Grants to the university financial scene is the direct result of a Governmental initiative in 1975 to recognize as a matter of public policy the special fiscal problems of providing university education in the Northern environment. In recommending this initiative to Government in Advisory Memorandum 74-III, Council took care to designate for 1975-76 initial funding levels that would, in its view, "represent a judicious balance between tangible fiscal recognition now and potentially higher assistance documented by adequate study later." Council

made it clear that the actual grant amounts accorded for 1975-76 should be "without prejudice to such higher levels of support as special study might justify in 1976-77 and beyond."

During the past year, Council undertook to study the future of Northern assistance as a matter of high priority. Council by no means sought a "final solution" to the matter of assistance levels. Certain longstanding questions that touch upon the entire structure of postsecondary education in the North, including the relation between universities and colleges of applied arts and technology, require not only examination but resolution in the next few years. What Council sought through its own study was to arrive at a means of calculating assistance levels that would retain reasonable validity during at least the few years that doubtless remain before outstanding structural issues in Northern postsecondary education can be laid to rest. In Council's view, the legitimacy accorded by the Government of Ontario to the principle of Northern assistance demands some method whereby annual grant levels can be readily calculated until further notice.

Council's study drew substantial assistance from documents prepared by the officials of Lakehead University, Laurentian University and the Laurentian affiliated colleges of Algoma, Hearst and Nipissing. After analysis, these documents provided in turn the foundation for frank and instructive discussions with institutional representatives. With this additional background, Council after due deliberation formulated the following opinion.

Additional costs unquestionably accrue to Northern university operations for environmental reasons. These "base line costs of being Northern" encompass items such as energy, academic and administrative travel and secondary school liaison. Council's own deliberately conservative estimate after careful study is that, as a general proposition, the magnitude of these base line costs cannot be less than 5 or 6 per cent of operating income. This estimate makes no allowance for certain items that might justifiably be said to constitute grey areas.

Of greater importance to Council than grey areas in base line costs are other Northern realities with broad economic implications. To cite an example, the isolation of Northern universities makes the exploitation of opportunities for inter-university cooperation and exchanges inherently more costly than for Southern institutions. More generally, there can be extra costs associated with the maintenance of a minimum range of programs in a carefully planned university whose aims and objectives are infused by the need to serve the Northern environment. A quantitative assessment of such costs would involve among other things assumptions about the present adequacy of institutional planning which Council is unable to make at this time. Nonetheless, an over-all level of Northern assistance designed to obtain for the next few years should attempt to recognize genuine if unquantified realities as well as base line costs.

In approaching the actual level it wishes to recommend, Council, as already indicated, has been inclined to seek a method whereby the amount of each Northern Ontario grant will be readily calculable for more than one year. It is clearly inviting to select a method that is at once simple and yields an annual outcome which will be known by each institution at the outset of its budgetary cycle. After due consideration, Council has concluded that its preferred method, with the sole exception of Hearst College, would be to arrive at the level of Northern Ontario grants in any given year by applying a percentage to the Basic Operating Income of each institution in the previous year. This particular base is known by each institution well in advance of its forward budgetary planning.

With respect to the two Northern universities of Laurentian and Lakehead, Council would apply to their respective prior-year Basic Operating Income the figure of 11 per cent. A similar percentage appears warranted for the two universities in that Lakehead's greater geographical isolation is balanced in the Laurentian case by its peculiar affiliation structure that embraces all of Northeastern Ontario.

With respect to the Laurentian affiliates of Algoma and Nipissing, Council has borne in mind the cost of interaction with Senate and administrative operations in Sudbury and has

arrived at a proposed figure of 12 per cent of prior-year Basic Operating Income. Hearst College for its part, occupies a patently exceptional position. Given Hearst's extreme isolation together with the expanse of territory over which its services are provided, Council deems that a special approach to the calculation of Northern assistance is justified. Council wishes to fix an amount of $90,000 as the Northern Ontario grant to Hearst for 1976-77. This amount would thereafter be adjusted with respect to the annual percentage change in that institution's prior-year Basic Operating Income. To take 1977-78 as an example, Hearst's Northern Ontario grant would be adjusted in accordance with the percentage change that its 1976-77 Basic Operating Income represents vis-à-vis its 1975-76 Basic Operating Income. Council, having arrived at the amounts indicated for Northern grants by the considerations laid out above, *recommends to the Minister*

OCUA 75-22
Northern Ontario Grants 1976-77
That Northern Ontario grants in the following amounts be made in 1976-77:

Lakehead	$1,075,000
Laurentian	$1,085,000
Algoma	$150,000
Hearst	$90,000
Nipissing	$141,000

and that, until further notice, subsequent Northern Ontario Grants be calculated in accordance with the approach outlined in this Memorandum.

With respect to Laurentian and its three affiliates, the outcome represented by the above recommendation reflects Council's attunement to the nature of their affiliated structure. Council's exploration last fall of the workings of this structure with the representatives of each of the institutions involved contributed greatly to its appreciation of the Northeastern environment. In that this exploration has impressed upon Council a sense that the interstices between Laurentian and its affiliates have potential for further development, Council wishes to exhort these institutions to take advantage of the latent opportunities that adhere to their affiliation.

On a final note of exhortation addressed to Lakehead, Laurentian, the Laurentian affiliates and the Government of Ontario, Council wishes to register its appreciation of the special contribution of Northern universities to the cultural life of their communities. Council senses that this contribution in many instances may be such that appropriate examples of its range should be brought to the sympathetic attention of the Ministry of Culture and Recreation by the institutions involved.

Bilingualism Grants

In Advisory Memorandum 74-II, Council reviewed the history of the bilingualism grants whereby the Government of Ontario has accorded recognition since 1967-68 to special costs incurred for this purpose by various institutions. Council observed that the grant amounts awarded from year to year followed no discernible pattern, and also noted the inconclusive attempts made in the past to uncover reasonably clear grounds on which to base the level and distribution of bilingualism grants. Forced to content itself with an interim recommendation on the level of bilingualism support for 1975-76, Council underlined the need for serious study of both the policy objectives that these grants might serve and the special costs that they might seek to recognize. The assistance of the then nascent Advisory Council on Franco-Ontarian Affairs was warmly solicited, and that Council subsequently responded in kind by creating a special subcommittee on the costs of bilingualism in Ontario post-secondary institutions.

In October, 1975, this special subcommittee competed an interim report which, for lack of time and resources, was understandably unable to analyze policy objectives or to provide an independent cost analysis. Relying instead upon institutional cost estimates, the subcommittee duly noted the existence of special costs without corroborating their validity. The subcommittee also took due cognizance of the potential cost of new initiatives whose planning the Government of Ontario has encouraged through the Advisory Council on Franco-Ontarian Affairs. Pending further study, the subcommittee recommended an interim formula whose effect would be to in-

70

crease the level of bilingualism grants in 1976-77 by about 60 per cent. A final report was promised by the Chairman of the Advisory Council for the spring of 1976.

While Council accords great weight to the deliberations of the Advisory Council on Franco-Ontarian Affairs and its subcommittee, it must accept as a fact that these deliberations were unassisted by detached study of either the objectives to be served by a bilingualism grants policy or the nature of the costs pursuant thereto. In this setting, Council's own deliberations join those of the Advisory Council in being hedged by an atmosphere of uncertainty.

It is far from clear to Council what emphasis should attach to the various objectives that a bilingualism grants policy might potentially pursue. What is even less clear to this Council is the extent to which the objectives of such a policy, once identified, should be pursued with different emphasis in different institutions. The process of identifying and estimating eligible costs, itself no mean exercise, cannot proceed in innocence of the policy objectives to be served by a bilingualism grants policy.

Council's major reservation at this time is that an increase in bilingualism grants of the magnitude contemplated by the subcommittee's interim report might materially alter the financial dimensions of a problem that remains under active study. On the other hand, Council cannot altogether dismiss the case which the interim report outlines in preliminary fashion, particularly in a context where the active development of a positive Government policy for the support of bilingualism is underlined by the availability of program planning grants.

Under the circumstances, Council deems it wise to accord major emphasis to the potential objectives whose clarification will enable a bilingualism grants policy to lie on firm foundations. As was duly recognized in Advisory Memorandum 74-II, one institution, the University of Ottawa, has pursued a range of objectives in the realm of bilingualism with a historical thrust and scale of magnitude unmatched elsewhere. Council is accordingly disposed, in what remains an interim setting, to recognize the comprehensiveness of the objectives pursued by the University of Ottawa by recommending an adjustment in its bilingualism grant for 1976-77 that represents a 25 per cent increase over the level accorded in 1975-76. As to the remaining institutions, Council is disposed to recommend an adjustment that mirrors the across-the-board increase in support accorded for 1976-77 by the Government of Ontario to universities generally, namely 15 per cent. With respect to St. Paul University, due recognition is accorded to its status as a theological college henceforth eligible for full rather than half support. Council accordingly *recommends to the Minister:*

OCUA 75-23
Bilingualism Grants 1976-77
That bilingualism grants for 1976-77 be made as follows:

Ottawa	$2,888,000
Laurentian	$690,000
Glendon	$161,000
Hearst	$23,000
Sudbury	$29,000
St. Paul	$58,000

Having made the above recommendation, Council wishes to emphasize that no prejudgement whatsoever is accorded to the level or distribution of bilingualism grants that should prevail after the completion of adequate study. Council looks forward to receiving in the coming spring the final report of the subcommittee of the Advisory Council on Franco-Ontarian Affairs, and pledges itself to a close analysis of this document, including a detailed discussion of its implications with each of the institutions concerned during the autumn of 1976. In its recommendation for bilingualism grants in 1976-77, Council has simply attempted to strike a balance between present uncertainty and a felt need to accord some benefit of doubt to all institutions and to the University of Ottawa particularly. But it should be clearly understood that the future level and distribution of bilingualism support remain open questions, and that downward revisions, whether indicated by policy analysis, cost analysis or both, are no less genuine a possibility than enrichment.

Ontario College of Art

Prior to 1975-76 the Ontario College of Art received grants derived through selective adaptations of elements contained in the Operating Grants Formual. The adaptations assisted the College in recovering from a situation described in its own words as "massive chaos." Thus, for example, the base used in the calculation of the College grant was its anticipated enrolment for the granting year thereby abetting the process of recovery. Also, a student BIU weight of 1.3 was attained after due consideration of the state of College finances.

At its initial hearing with Council in the fall of 1974, the College documented admirable progress toward the resolution of its difficulties. In view of this, and recognizing that there remained a few important steps to full recovery, Council disregarded use of the formula elements already developed in favour of a marginally more generous grant. It was hoped that this measure would hasten recovery without prejudging the timing and level at which the College might be placed "on formula."

This fall the College presented Council with additional evidence of progress including elimination of the accumulated deficit, and an enrolment in 1975-76 which exceeds anticipations and more than recoups historical shortfalls. In light of this evidence, Council agrees with the College of Art that the transition to stability has been completed, and deems that beginning in 1976-77 the College should be funded through the direct application of the Operating Grants Formula including Council's recommended provisions with respect to enrolment averaging, with a BIU weight of 1.3 and a formula fee equal to the currently assessed College fee. Council *recommends to the Minister:*

OCUA 75-24
Transfer of Ontario College of Art Operating Support to Operating Grants Formula
That beginning in 1976-77 the operating support for the Ontario College of Art be determined under the Operating Grants Formula, incorporating a student weight of 1.3 and a formula fee equal to the tuition fee assessed by the College.

Council has duly considered special requests submitted by the College of Art for a recurring rental grant of $280,000 and a once-only grant of $200,000 which would be used to adapt the rental space for College purposes. These requests are in addition to the special annual payment of $50,000 made to the College for property rental under an agreement reached in 1972-73. Council believes that a recommendation for an additional rental or refurbishing grant in 1976-77 would be premature in a setting where the recently completed study of space at the College awaits full review, and where Government and the university system are in need of new policy in the capital realm. Council accordingly *recommends to the Minister:*

OCUA 75-25
Rental Grant to the Ontario College of Art, 1976-77
That a grant of $50,000 be made to the Ontario College of Art for 1976-77 pursuant to the property rental agreement reached in 1972-73, it being understood that existing policy with respect to money for taxes on leased property will obtain.

Bar Admission Course

In broaching the question of the level of support to be recommended for the Bar Admission Course in 1976-77, Council reiterates two basic points made in Advisory Memorandum 74-II. The first is that provincial policy has evidently been limited to supporting the Bar Admission Course through partial grants-in-aid. The second, which relates to the particular costs associated with mounting the Bar Admission Course in Ottawa and London, is Council's view that "the costs of a decentralization decision made on its merits by the Law Society should be borne by the Society."

In this context, Council observes that the Bar Admission Course currently shares with the university system the twin pressures of inflation and enrolment growth. Given a policy of partial grants-in-aid, Council is disinclined to calculate an adjustment in the current grant of $350,000 by having recourse to the many elements that determine the calculation of university grants. Council deems it suf-

ficient for 1976-77 to take general account of the twin facts of inflation and Course enrolment growth by applying to the 1975-76 grant an adjustment similar to that accorded by the Government of Ontario in its support for the university system as a whole, namely about 15 per cent. Such an adjustement should be contingent on the understanding that the Government's commitment with respect to tuition fees in 1976-77 applies to the Bar Admission Course fee for the reasons that Council discussed in Advisory Memorandum 74-II. Council notes that the spokesmen for the Law Society of Upper Canada with whom it met indicated that fee increases were not currently under consideration. In the circumstances, Council *recommends to the Minister:*

OCUA 75-26
Grant to the Law Society of Upper Canada, 1976-77
That, on the explicit understanding that the Bar Admission Course fee remains at the present level in 1976-77, a grant of $400,000 be made to the Law Society of Upper Canada.

GFU and BIU Values Under the Government's Expenditure Target for 1976-77

The spending target referred to Council by the Minister for allocation in 1976-77 is $637.5 million. Of this amount, $10,340,000 is encompassed by the sum of Council's recommendations for supplementary, Northern and bilingual grants, for a rental grant to the Ontario College of Art, and for a grant-in-aid to the Law Society of Upper Canada. Council must allow a further $2,476,000 for contingency and for funding of theology programs. As indicated in Table II, the remainder of $624,684,000 is available for distribution among the fifteen provincially assisted universities, Ryerson, the Ontario Institute for Studies in Education and, pursuant to Council's recommendation 75-24, the Ontario College of Art.

This amount of $624.7 million permits a GFU value of $2,255 and a BIU value of $2,312. The difference between these values reflects enrolment averaging in the undergraduate sector and the differential treatment Council in Advisory Memorandum 75-VI accorded to graduate as opposed to undergraduate funding. Council *recommends to the Minister:*

Table II

Availability of Funds For the Distribution of Graduate and Formula Grants Under the 1976-77 Spending Target Referred to Council

Spending Target Referred		$637,500,000
Deduct		
Supplementary Grants	$3,500,000	
Northern Ontario Grants	2,541,000	
Bilingualism Grants	3,849,000	
Ontario College of Art Rental Grant	50,000	
Bar Admission Course	400,000	
Sub-total	10,340,000	
Contingency and Theology Programs	2,476,000	
Total Deductions		12,816,000
Available for Distribution of Graduate and Formula Grants		$624,684,000

Table III

Distribution of Grants Generated by Recommendations in Advisory Memorandum 75-VII

	1976-77 RECOMMENDATIONS							
	Formula and Graduate Grants	Supplementary Grants	Northern Ontario Grants	Bilingualism Grants	Special Grants	Total Grants Recommended	1975-76 Total Grants	Per Cent Change
Brock	10,325	100				10,425	9,011	15.7
Carleton	33,453					33,453	29,027	15.2
Guelph	38,931					38,931	34,207	13.8
Lakehead	9,517	1,000	1,075			11,592	9,764	18.7
Laurentian	8,932	750	1,085	719		11,486	9,725	18.1
Algoma	984		150			1,134	997	13.7
Nipissing	1,216		141			1,357	943	43.9
Hearst	270		90	23		383	305	25.6
McMaster	43,174					43,174	37,451	15.3
Ottawa	47,736			2,888		50,624	43,625	16.0
Queen's	42,714					42,714	37,647	13.5
Toronto	141,299					141,299	126,196	12.0
Trent	6,107	1,650				7,757	6,886	12.6
Waterloo	47,955					47,955	41,625	15.2
Western	65,535					65,535	57,088	14.8
Wilfrid Laurier	11,240					11,240	9,302	20.8
Windsor	27,724					27,724	23,021	20.4
York	49,231			161		49,392	42,854	15.3
Ryerson	25,876					25,876	22,536	14.8
OISE	9,057					9,057	7,738	17.0
College of Art	3,408				50	3,458	2,900	19.2
Bar Admission					400	400	350	14.3
Sub-Total	624,684	3,500	2,541	3,791	450	634,966	553,198	14.8
Contingency & Theology	2,476			58		2,534	1,091	
Total	627,160	3,500	2,541	3,849	450	637,500	554,289	15.0

OCUA 75-27
GFU and BIU Values Under the Government's Spending Target for 1976-77
That the GFU value in 1976-77 be not less than $2,255 and the BIU value be not less than $2,312.

In Table III, Council summarizes the end results of the allocation exercise undertaken in this Memorandum by tabulating the individual grants accruing to each of the fifteen provincially assisted universities, Ryerson, the Ontario Institute for Studies in Education, the Ontario College of Art, and the Bar Admission Course. The percentage column on the right hand side of the Table measures the increase in total grants recommended for each institution over the total received in 1975-76.

J.S. Dupré
Chairman
January 31, 1976

75-VIII Instructional Development

The Ontario Universities Program for Instructional Development was initiated in late 1972 as a joint initiative of the Council of Ontario Universities and the Committee on University Affairs. The aim of the Program has been "to assist individual faculty members in Ontario universities and the universities themselves in improving the effectiveness and efficiency of their instructional processes." The Program assumed a catalytic role by promoting communication and information and by awarding modest grants to individuals and groups.

During the summer of 1975, the Instructional Development Program was examined by a team of evaluators chaired by Professor A. N. Main of the University of Strathclyde. The evaluators' report was received by the Council of Ontario Universities in the autumn, and that body in turn formulated plans for the immediate future of the Program.

C O U has basically accepted the evaluators' recommendation that the current Interim Committee on Instructional Development be replaced by a restructured Committee on Teaching and Learning. It proposes that this Committee retain a modest granting function in addition to the information and liaison roles recommended by the evaluators. To permit the new Committee to carry out its tasks, C O U has asked this Council to support its request for a three-year grant of $500,000 per annum to begin in 1976-77.

To Council, the C O U request is basically a plea to permit a restructured committee to carry on activities initiated by OUPID with the benefit of the constructive criticism offered by the evaluators' report. That report, however, notes specifically that "money coming from a small-scale, central program, while valuable and especially valuable in a crisis time, could never replace the reinforcement which would be given to educational innovation were it funded by the institution to which the faculty member owes his allegiance" (p.52). More generally, the report constitutes a plea to "shift the emphasis in Ontario from the original OUPID notion of direct assistance from some central source to individual members of faculty, towards a proper institutionalized force for improvement of teaching and learning throughout the province" (p.61).

Council recognizes that the functions envisaged by C O U for its restructured Committee on Teaching and Learning will allow that body to continue the catalytic role played by OUPID in a setting where OUPID has led too short a life to permit the conclusion that such a role is no longer needed. But Council is concerned about the nature of the C O U funding request. In Council's view, continued Government funding of a central program for instructional development should lead toward the shift desired by the evaluators. Indeed, it should forthrightly pose the issue of university involvement in instructional development through the direct application of their own resources. This surely is the acid test of the tangible benefits that adhere to instructional development. Accordingly, Council is disposed to modify the C O U request by prescribing downward annual adjustments in a Government contribution to the Committee on Teaching and Learning. Council accordingly *recommends to the Minister:*

OCUA 75-28
Government Funding of Instructional Development
That the instructional development activities of the Council of Ontario Universities receive government funding at the following levels:

1976-77	$500,000
1977-78	$350,000
1978-79	$200,000

Having made the above recommendation, Council joins C O U in expressing the wish that the first instalment of the grant be made available as expeditiously as possible.

J. S. Dupré
Chairman

February 27, 1976

OCUA Public Meetings
1975-76

Date	Institution or Organization and Place of Meeting
5/4/75	Trent University, Trent University Campus, Peterborough
11/4/75	York University, York University Campus, Toronto
12/4/75	Ontario Federation of Students, Queen's Park, Toronto
12/4/75	Ryerson Polytechnical Institute, Queen's Park, Toronto
18/4/75	University of Guelph, University of Guelph Campus, Guelph
19/4/75	Lakehead University, Lakehead University Campus, Thunder Bay
2/5/75	University of Windsor, University of Windsor Campus, Windsor
2/5/75	University of Western Ontario, University of Windsor Campus, Windsor
3/5/75	Laurentian University and affiliated colleges, Laurentian University Campus, Sudbury
9/5/75	Ontario Institute for Studies in Education, University of Toronto Campus, Toronto
9/5/75	University of Toronto, University of Toronto Campus, Toronto
10/5/75	Council of Ontario Universities, Queen's Park, Toronto
10/5/75	Ontario Confederation of University Faculty Associations, Queen's Park, Toronto
6/6/75	Queen's University, Queen's University Campus, Kingston
7/6/75	University of Ottawa, University of Ottawa Campus, Ottawa
7/6/75	Carleton University, University of Ottawa Campus, Ottawa
13/6/75	University of Waterloo, University of Waterloo Campus, Waterloo
14/6/75	Wilfrid Laurier University, Wilfrid Laurier University Campus, Waterloo
14/6/75	Confederation of Ontario University Staff Associations, Wilfrid Laurier University Campus, Waterloo
20/6/75	Brock University, Brock University Campus, St. Catharines
20/6/75	McMaster University, Brock University Campus, St. Catharines
12/12/75	Ontario College of Art, Ontario College of Art Campus, Toronto
12/12/75	Law Society of Upper Canada, Ontario College of Art Campus, Toronto

OCUA Recommendations and Government Responses, 1975-76

Recommendation Number	Title	Response
	(Advisory Memorandum 75-I)	
75-1	Master's Program in Speech Pathology and Audiology at the University of Western Ontario	Accepted
	(Advisory Memorandum 75-II)	
75-2	Ministerial Announcement with Respect to the Possibility of Revisions whereby the Operating Grants Formula might become less Sensitive to Enrolment Changes	Accepted
	(Advisory Memorandum 75-III)	
75-3	Ontario Graduate Scholarship Program Eligibility	Partially Accepted: See Minister's letter of October 7, 1975 which follows this table.
75-4	Integrated Stipends for Ontario Graduate Scholarship Awards	
75-5	Ontario Graduate Scholarship Stipends in 1976-77	
75-6	Adjustments in Earnings Limitations Applied to Holders of Ontario Graduate Scholarships	
	(Advisory Memorandum 75-IV)	
75-7	Lifting of Embargoes on Disciplines in which Planning Studies have been Completed	Partially Accepted: See Minister's letter of July 22, 1975 which follows this table
75-8	Funding of New Graduate Programs	
	(Advisory Memorandum 75-V)	
75-9	Suspension of the Formula with Respect to the Funding of Graduate Work	Accepted
	(Advisory Memorandum 75-VI)	
75-10	Basic Government Objectives in Funding the Operation of the University System in 1976-77	See Minister's letter of December 12, 1975 which follows this table.
75-11	Supplementary Government Objective in Funding the Operation of the University System in 1976-77	
75-12	Expenditure Level for 1976-77 to Meet the Cost of Basic Objectives in Funding the Operation of the Provincially Assisted Universities, Ryerson and the Ontario Institute for Studies in Education	
75-13	Expenditure Level to Subscribe to Financial Viability in the University System	
75-14	Expenditure Level for 1976-77 on Behalf of Special Institutions and Policy Matters	
75-15	Level of Support for Cyclic Renewal in 1976-77	Accepted
	(Advisory Memorandum 75-VII)	
75-16	Distribution Mechanism with Respect to the Funding of Graduate Work in 1976-77 and 1977-78	Accepted
75-17	Master's Program in Watershed Ecology at Trent University	Accepted
75-18	Distribution Mechanism with Respect to Formula (Undergraduate) Grants in 1976-77	Accepted

75-19	Distribution Mechanism with Respect to Formula (Undergraduate) Grants in 1977-78	Accepted
75-20	Supplementary Grants to Lakehead, Laurentian and Trent, 1976-77	Accepted
75-21	Terminal Supplementary Grant to Brock University, 1976-77	Accepted
75-22	Northern Ontario Grants, 1976-77	Accepted
75-23	Bilingualism Grants, 1976-77	Accepted
75-24	Transfer of Ontario College of Art Operating Support to Operating Grants Formula	Accepted
75-25	Rental Grant to the Ontario College of Art, 1976-77	Accepted
75-26	Grant to the Law Society of Upper Canada, 1976-77	Accepted
75-27	GFU and BIU Values under the Government's Spending Target for 1976-77	Accepted
	(Advisory Memorandum 75-VIII)	
75-28	Government Funding of Instructional Development	Accepted

79

Ontario

Office of the Minister

Ministry of Colleges and Universities

416/965-7625

Mowat Block
Queen's Park
Toronto Ontario

July 22, 1975

Dear Steve:

I have received your Advisory Memorandum 75-IV on Graduate Programme Planning and have given it careful consideration.

I appreciated receiving the Council's thoughtful and constructive memorandum. We share your view that a planning process which takes into consideration the public interest is essential. The Council, in adopting the format of discursive advisory memoranda, has raised questions of considerable importance.

This area can now be viewed with a new perspective since most of the assessments have been published. Before responding to your specific recommendations, I would like to express some general views about the results of the graduate planning process. Two sets of goals were included. The Government funded half the cost of the ACAP process in the expectation that graduate program offerings would be rationalized and unnecessary duplication would be eliminated while at the same time ensuring a spectrum of offerings across the system. The universities were concerned that a high quality of graduate offerings be maintained.

Your memorandum points out solid accomplishments in terms of self-evaluation, inter-university co-operation and the development of common high standards for graduate work, with which I fully agree. I am pleased to have your Council's assurance on matters of this kind and importance.

At the same time, now that the results are largely in, it is apparent that in numerical terms the process is not adequately rationalizing graduate programs. This is disappointing in terms of Ministry objectives and expectations.

According to COU's first report on implementation of ACAP reports, in the fifteen disciplines assessed to date only 3 Master's and 6 Ph.D. programs of the 236 existing and 30 proposed programs have been or may be closed or will not be started. Another 9 Ph.D. programs which were recommended to be phased out may be retained as "specialized" programs if successfully reappraised.

The current three-year plans for graduate development propose 108 new programs. Some serious priority setting and concern for financial implications which Council calls for in its Memorandum are now needed.

By now all universities should be aware that the Provincial Government faces a financial future which allows for little or no expansion and indeed requires difficult decisions and trade-offs between various academic goals and activities. As the third largest recipient of funding from the Provincial Government, universities must recognize this reality in their internal planning.

I am hopeful, therefore, that the universities can use the information and experience acquired through ACAP to make the collective decisions necessary to produce more rational graduate plans.

Our concern is not qualitative judgements of the merits of individual programs but rather about the range and distribution of programs within the system having regard to factors such as overall system size and existing strength and resources. We are concerned about how many programs can be supported and sustained in any discipline. We then expect the universities to decide which institutions should offer the programs. Judgement on academic grounds alone may incur a financial burden which the Province cannot afford to bear. Beyond this, and at the risk of getting somewhat into the question of internal resource allocation within institutions, I must of necessity seek assurance that the development of graduate programs in the Ontario system does not occur at the expense of support for other university responsibilities. I hope that you encourage the universities to take the

admittedly difficult decisions in determining the number and location of graduate programs in such a way as to ensure both high quality programs and a good balance of resource allocation.

On the matter of Council's recommendation 75-7 I accept the recommendation for all disciplines except Physical Education, Kinesiology and related areas, which, as your report implies, requires further study within the Government. In this area there are some significant implications for the Ministries of Health, Education, and Culture and Recreation. In addition, the universities' own capital submissions indicate a requirement for considerable capital facilities in this area. For these reasons, I must withhold any removal of the embargo pending the outcome of discussions within the Government.

Despite our reservations about the numerical results of the planning process, I believe it would be inequitable not to lift these embargoes since this has been done for nine previous disciplines which contribute equally to the situation.

As a consequence of accepting this recommendation, I ask Council to ensure that continued efforts are made to rationalize new and existing programs. This appears to be in line with your Memorandum. To effect an integration of decision-making, graduate policy should be reviewed once a year as Council suggests. Although proposed programs may have been favourably received in an assessment and included in a three year plan, this should not automatically mean that funding be recommended or approved. This should afford Council the opportunity to ensure that its concerns about the impact of new graduate programs on the financial position of the university system are fully satisfied.

In order to assist you in the process I am today asking the universities to prepare new three year plans which reflect revised aspirations. My officials will consult with OCUA, COU, and the universities as appropriate on the form the new plan should take.

As you know, funding was extended on an interim basis to many of the programs listed in OCUA 75-8. I shall accept your recommendation that these programs be considered eligible for formula funding. Effective today, consideration of funding for further new programs will be deferred pending receipt of the results of Council's first annual graduate program review exercise.

Concerning the matter of recommending BIU weights for those new programs which do not have one assigned, I would appreciate it if Council would make this an integral part of its program approval exercise. BIU weights are the cornerstone of the formula system and changes can have a significant redistribution effect. Thus, they are a legitimate concern of the Council. Art Conservation at Queen's will be funded when a weight has been recommended and approved.

If the public interest is to be served, the result of the planning process should be a spectrum of programs of the highest quality accomplished within the limits of the Province's resources. Universities may have to identify particular segments of graduate work in which they excel so that institutional strengths can be co-ordinated into a collectively strong system.

I am pleased that Council has accepted the challenge of participating in the planning process in a manner which will ensure the development of a graduate system which meets the objectives of both the universities and the Government.

Yours sincerely,

James A. C. Auld
Minister

Dr. J. S. Dupre
Chairman
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83

Ontario

Office of the Minister

Ministry of Colleges and Universities

416/965-7625

Mowat Block
Queen's Park
Toronto Ontario

October 7, 1975

Dear Steve:

I was pleased to receive the Ontario Council on University Affairs Advisory Memorandum 75-III concerning the Ontario Graduate Scholarship Program 1976-77 and I am sorry I have not been able to respond earlier. With regard to the individual recommendations, I would like to advise you of certain decisions.

Recommendation 75-4

I am pleased to inform you that this recommendation has been accepted.

Recommendation 75-6

I am pleased to inform you that this recommendation has been accepted.

Recommendation 75-5

I am pleased to inform you that the government has accepted the Council's recommendation to increase the integrated stipend, while maintaining the number of available scholarships at up to 1,000. However, because of continuing economic stringency, it has not been possible to raise the stipend to the amount suggested by Council. The integrated stipend will be increased to $1,250 per term from the present value which ranges from $800 per term to about $1,135 per term, depending on the actual fees charged the student.

This increased stipend will provide a graduate student with $3,750 over a full year of full-time study. While this stipend may not meet all maintenance and other costs, the program has never claimed to do this. From its inception, the program has envisaged Ontario graduate scholars being awarded teaching or research assistantships in addition to these scholarships and the earnings limitations laid down have been generous to reflect this fact.

Recommendation 75-3

I regret that it is not possible for the government to accept the Council's recommendation at this time. As the Council may be aware there is considerable public discussion in Ontario and across the country arising in large part out of the Federal Government's current review of immigration policy. I trust that the Council will agree that it may be more appropriate to consider any adjustments in programs pertaining to the eligibility of landed immigrants after the Federal Government has completed its review of the Immigration Act. At that time, it will be possible for the Council and the government to formulate recommendations and policies in the light of possible adjustments in policies and regulations set down by the Federal Government. Certainly, the situation will be more stable at that time and we will have a better grasp of the long term prospects.

In the meantime, the government has decided that student visa holders should be ineligible for Ontario Graduate scholarships. However, in order to be as fair as possible, it has directed that visa students holding scholarships in 1975-76 be allowed to complete for scholarships in 1976-77. The elimination of student visa holders will mean that the number of scholarships available to landed immigrants will increase to the full 10% of total awards available to non-Canadian students.

Yours sincerely,

James A.C. Auld
Minister

Dr. J.S. Dupre
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Ministry of Colleges and Universities

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Mowat Block
Queen's Park
Toronto Ontario

December 12, 1975

Dear Dr. Dupre:

Further to my note of November 26, 1975, I am pleased to be able to respond to you now on the recommendations concerning operating and capital funding for the universities contained in OCUA Advisory Memorandum 75-VI.

As you are aware, the global funding approach has been used by the government for allocating resources to its major program areas. For 1976-77, the total amount to be made available to university operations will be $651 million. This amount is to be applied to the following areas:

	$ Million	% Inc.
- Operating grants to be distributed in accordance with OCUA recommendation	637.5	15.0
- Items under Ministry budget review	13.5	-8.8
	651.0	14.4

I would like to request Council's advice on the distribution of the $637.5 million stated above.

Because this amount is very close to that in Advisory Memorandum 75-VI, I believe that it meets substantially the recommendations made by Council. Furthermore, I feel confident that this level of funding will permit the universities to meet the challenges imposed by the current period of financial constraint.

You will note that the year to year increase in the funds allocated for Council distribution is 15% compared to a decrease of 8.8% in line budget items of the Ministry. In light of the overall financial situation, I am sure you will appreciate the significance of the level of support being provided.

Finally, funds in the amount of $11.8 million will be made available in 1976-77 for building renewal, repairs and maintenance projects.

At this time, I would like to thank Council for the work it has done in preparing this Advisory Memorandum and I look forward to receiving your Advisory Memorandum on the matter of funding distribution.

Yours truly,

Harry Parrott, D.D.S.

Dr. J. S. Dupre
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87